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706 CHESTNUT STREET ST. LOUIS 1, MO.

October 1, 1956

Mr. Charles L. Farris
Executive Director
Land Clearance for Redevelopment Authority
2031 Olive Street
St. Louis 3, Missouri

Dear Mr. Farris:

As per our agreement dated August 5, 1955, we are pleased to submit herewith our Market Analysis and Reuse Appraisal of the preliminary redevelopment plan proposed for the Mill Creek Valley project area.

In general, we have found the proposed plan completely feasible and workable from an economic standpoint. In fact, we believe such plans as this are most encouraging and are the logical way toward the future rebuilding of our central areas. Because of the many factors to consider and because of the large scope of this plan as it affects the central area of the city, our analysis and appraisal have been made as complete and comprehensive as possible.

Throughout the months in which our staff has worked on this project, including our attendance as economic advisers in joint meetings with your staff and with the staff of the City Plan Commission, we have been appreciative of the cooperation given us by these two public agencies. In particular, we wish to thank William H. Coibion and Thomas D. Schocken of the City Plan Commission and James Drought, O. O. Mc Cracken, Daniel H. Shear and Thomas J. O'Toole, Jr. of the Redevelopment Authority's staff.

The best wishes of our entire organization will be with you in the project. We will be glad to hear from you at any time that we may be of any further help.

Sincerely,

Roy Wenzlick

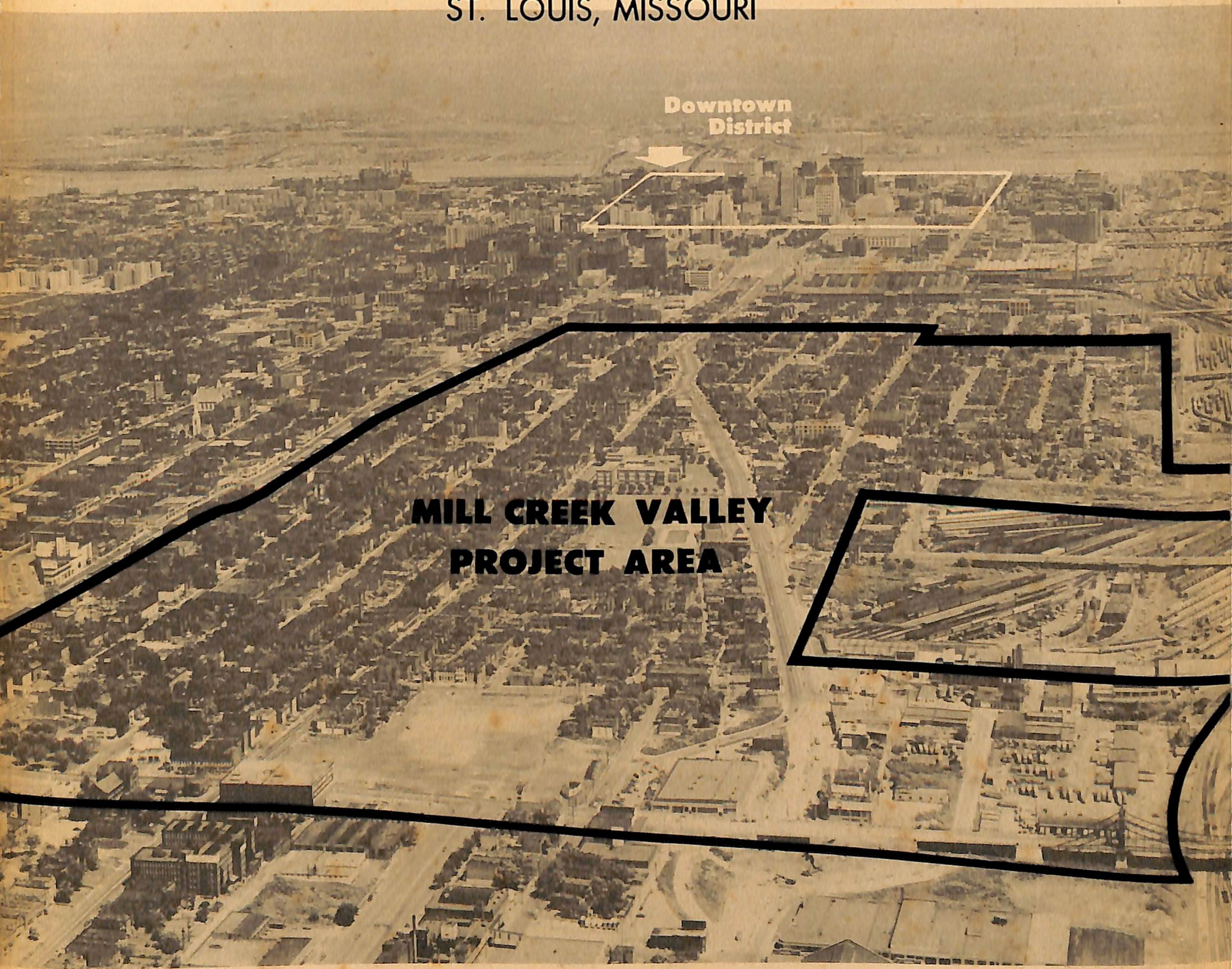
Roy Wenzlick

RW/je

MARKET ANALYSIS AND REUSE APPRAISAL
MILL CREEK VALLEY REDEVELOPMENT PROJECT

Imperfect copy

ST. LOUIS, MISSOURI



Prepared for
THE LAND CLEARANCE FOR REDEVELOPMENT AUTHORITY
CHARLES L. FARRIS, *Executive Director*

By — ROY WENZLICK & CO. —
ECONOMISTS, APPRAISERS, COUNSELORS & PUBLISHERS

Under the Direction of:
JAMES R. APPEL
PAUL J. FULLERTON

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SUMMARY OF CONCLUSIONS

Market analysis shows that the preliminary redevelopment plan is economically feasible.

The preliminary redevelopment plan is not in conflict with the City's comprehensive plan and general land use pattern.

The St. Louis Metropolitan Area will have a continued steady population growth in keeping with past trends.

Within the city of St. Louis, the nonwhite population is increasing at a rapid rate while the white population is decreasing.

Industrial development in Metropolitan St. Louis has grown steadily with wide diversification. There is every reason to expect continued growth, and the Mill Creek industrial district can do much to further this growth.

The interplay of supply and demand factors now in effect indicates that there is a market for the housing proposed in the Mill Creek redevelopment plan.

This report indicates that the major portion of the potential demand is for low-density housing and that rentals must be at minimum levels commensurate with sound economic principles.

A survey of employees within walking distance of the proposed housing showed only a limited interest among this group, and indicated the inadvisability of erecting high-rise elevator apartments.

A sample survey of the city's Negro families indicated the following:

1. An abnormally large number of nonwhite families have been on the move since 1950.

2. Home ownership has increased substantially since 1950.

3. There is a fairly large degree of dissatisfaction with present housing accommodations.

4. Rentals have increased substantially since 1950.

5. Monthly payments for new home owners are high.

6. Most families want 4 to 6 rooms.

7. Most families want single-family or 2-family type homes.

8. About half of the families interviewed would consider moving into the Mill Creek area.

9. Family incomes have increased substantially since 1950.

10. There is sufficient effective demand to justify the proposed housing in the preliminary plan.

The commercial portion of the redevelopment plan involves only a small acreage which for the most part is a continuation of existing commercial districts.

One new 5-acre addition designated for a local shopping center is ample to cover the local shopping needs of the 1,500 families proposed for the area.

There is a strong demand for the type of industrial property to be offered in the Mill Creek district. There is now available little more than five years' effective supply of vacant industrial ground suitable for immediate development.

A maximum amount of the industrial area should be served by rail if possible.

Top priority should be assigned to the development of the area south of Market Street in order to tap the present demand for industrial sites.

A comprehensive set of deed restrictions should be set up to cover the future use of the residential and industrial properties in order to guarantee an attractive, well-planned community.

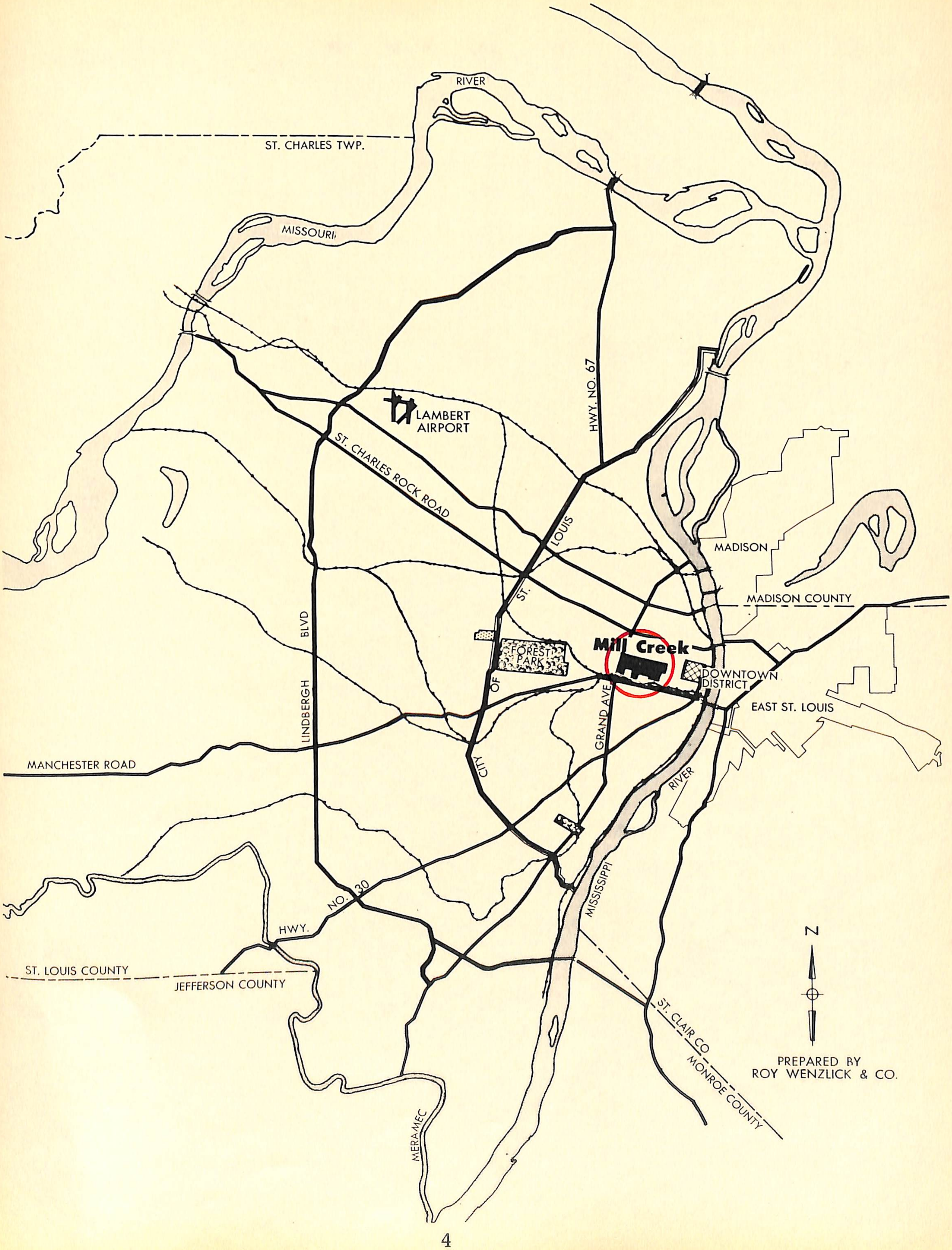
It is recommended that the 75-acre residential tract be offered to one developer or not more than two or three developers in order that uniform density and planning can be attained. Also this is recommended in order to bring about lower rentals as a result of the economy of large-scale development.

For the disposal of commercial sites, it is recommended that they be disposed of individually or in small groups.

It is suggested that perhaps a combination of programs can be worked out for the disposal of the industrial parcels, with the Authority disposing of the smaller sites and the remainder being handled by a civic group or by individual developers.

The concluded fair market value for reuse, as of the date of offering, of the vacant land which would be made available for redevelopment has been estimated at $10, 536, 000. Following is a breakdown of the uses, approximate areas, and concluded values:

Residential	75 acres	$ 1,089,000
Commercial	14 acres	1,015,000
Industrial	151 acres	7,653,000
Public and semipublic	33 acres	779,000
	GRAND TOTAL	$10,536,000


RIVER
ST. CHARLES TWP.
MISSOURI
LAMBERT AIRPORT
HWY. NO. 67
ST. CHARLES ROCK ROAD
ST. LOUIS
MADISON
MADISON COUNTY
Mill Creek
FOREST PARK
DOWNTOWN DISTRICT
EAST ST. LOUIS
OF
CITY
GRAND AVE.
LINDBERGH BLVD
MANCHESTER ROAD
RIVER
MISSISSIPPI
NO. 30
HWY.
ST. LOUIS COUNTY
JEFFERSON COUNTY
ST. CLAIR CO.
MONROE COUNTY
MERAMEC
N
PREPARED BY
ROY WENZLICK & CO.

I

INTRODUCTION AND STATEMENT OF OBJECTIVES

As authorized by Federal and State legislation, the Land Clearance for Redevelopment Authority of the City of St. Louis is proceeding with extensive plans for the clearance and private redevelopment of a large portion of the city's slum areas. This report is concerned with the Authority's second project area known as the Mill Creek Valley. This large site is bounded by 20th Street on the east, Grand Avenue on the west, Olive and Lindell Boulevard on the north, and the central railroad yards on the south.

The St. Louis City Plan Commission has prepared a preliminary redevelopment plan for the Mill Creek Valley, which shows the proposed land uses and circulation for this extensive 471-acre section of the city. Details concerning the Mill Creek Valley and the plan are covered later in this section.

The objectives of this report are:

1. To determine by market analysis the economic feasibility of the proposed plan.

2. To determine the fair market value of the various tracts of land in the area after the site has been cleared and made available for redevelopment in accordance with the proposed land uses.

These two objectives are closely related. The demand for the property when cleared and restricted according to the plan will influence its value. Since the plan contains all the major land uses - residential, commercial, and industrial - there are many supply and demand factors to consider in making this market analysis and appraisal.

Before commencing on so large an undertaking as this, it is naturally proper to ask whether the plan as proposed is feasible. Is there a market for the residential, commercial, and industrial tracts that will be created? This report is a collection and study of information relative to supply and demand conditions in the St. Louis market as they affect the uses proposed for the Mill Creek area.

As in any commodity, demand must include not only desire but the ability to acquire. Supply is not only the existence of a commodity but its existence at the right place, at the right time, and at the right price. Naturally, a market analysis such as this must look to the future, which involves forecasting with all of its hazards. Therefore, it will not be possible to make precise conclusions as to the demand and supply situation for new residential, commercial, or industrial sites in the Mill Creek Valley area. However, by investigating as many known factors as available it is possible to draw general conclusions as to economic feasibility.

Real estate has many characteristics that are unique. First, it takes a long time for improvements to the land to wear out. The existence of slum property in the Mill Creek Valley and elsewhere in the city is an illustration of how long we have houses and tenements with us. Secondly, real estate is a commodity which cannot be moved from place to place. It is permanently fixed. The land comprising the Mill Creek Valley, if unencumbered, is some of the most desirable and accessible land in the St. Louis area; however, the structures upon it, being immobile, have blighted the area and have made the site unattractive. Third, real estate functions in a complex way - as an investment, a place of employment, a place to live, and, in its old age, often becomes an economic liability for the community. Invariably, old areas of the city which become slums cost the public much more to maintain in schools, health, police, fire protection, etc., than they produce in revenue to the community.

Because of costs, it has been very difficult for private capital to acquire and assemble slum property in order to reuse the land. Only

in the case of public improvements, industrial expansion, or just plain collapse do we lose the old residential property.

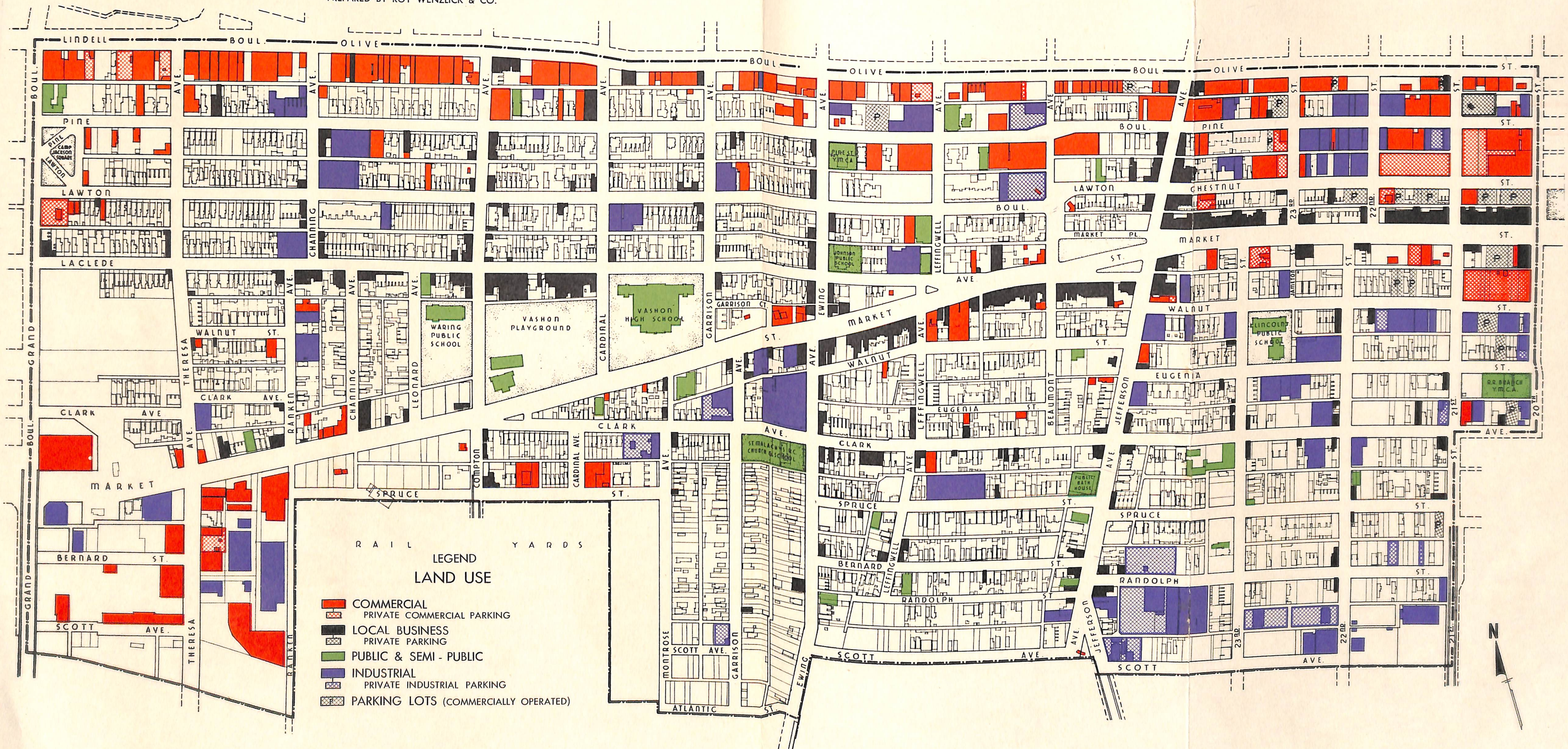
Recognizing this problem, Congress, in the Housing Act of 1949, established "Provisions for Title I: Provisions for Slum Clearance and Urban Redevelopment." Quoting from the House and Home Finance Agency's handbook of information on the provisions of the Housing Act of 1949, the objectives are summarized as follows:

> Here, briefly, is the principle behind Title I of the Housing Act of 1949: From any angle - citizenship, health, appearance, taxes, or property protection - it is better to pay now for the cost of clearing slums and thereby get rid of them than to continue paying the mounting costs of slums and suffer their destructive effects upon human lives and property indefinitely.
>
> The Housing Act makes possible, for the first time in our history, a comprehensive attack upon slums and blighted areas by local communities. It provides the leverage that cities have long needed to get their redevelopment programs going. First, it attacks the obstacles of large capital outlays and high write-down costs for preparing slum lands for reuse by authorizing the Federal Government to make loans for acquiring, clearing, and preparing the area and to make Federal grants to pay up to two-thirds of the net cost incurred.
>
> Second, the Housing Act of 1949 helps remove the road block of rehousing. It requires cities applying for Federal loans and grants to prepare solid plans for temporary accommodations, where needed, and permanent relocation in decent quarters of people who have to leave slum areas because of clearance operations.

In discussing economic feasibility we will not be concerned with trying to justify the high cost of acquiring this large Mill Creek Valley slum area. In the long run, the difference between the acquisition cost and the price received for the land will probably be justified - if not financially, certainly socially. This report will deal with the site as if cleared, both as to its value and as to the feasibility of redeveloping it as planned.

EXISTING LAND USES IN THE MILL CREEK VALLEY PROJECT AREA

PREPARED BY ROY WENZLICK & CO.



Location and Description of Mill Creek Valley

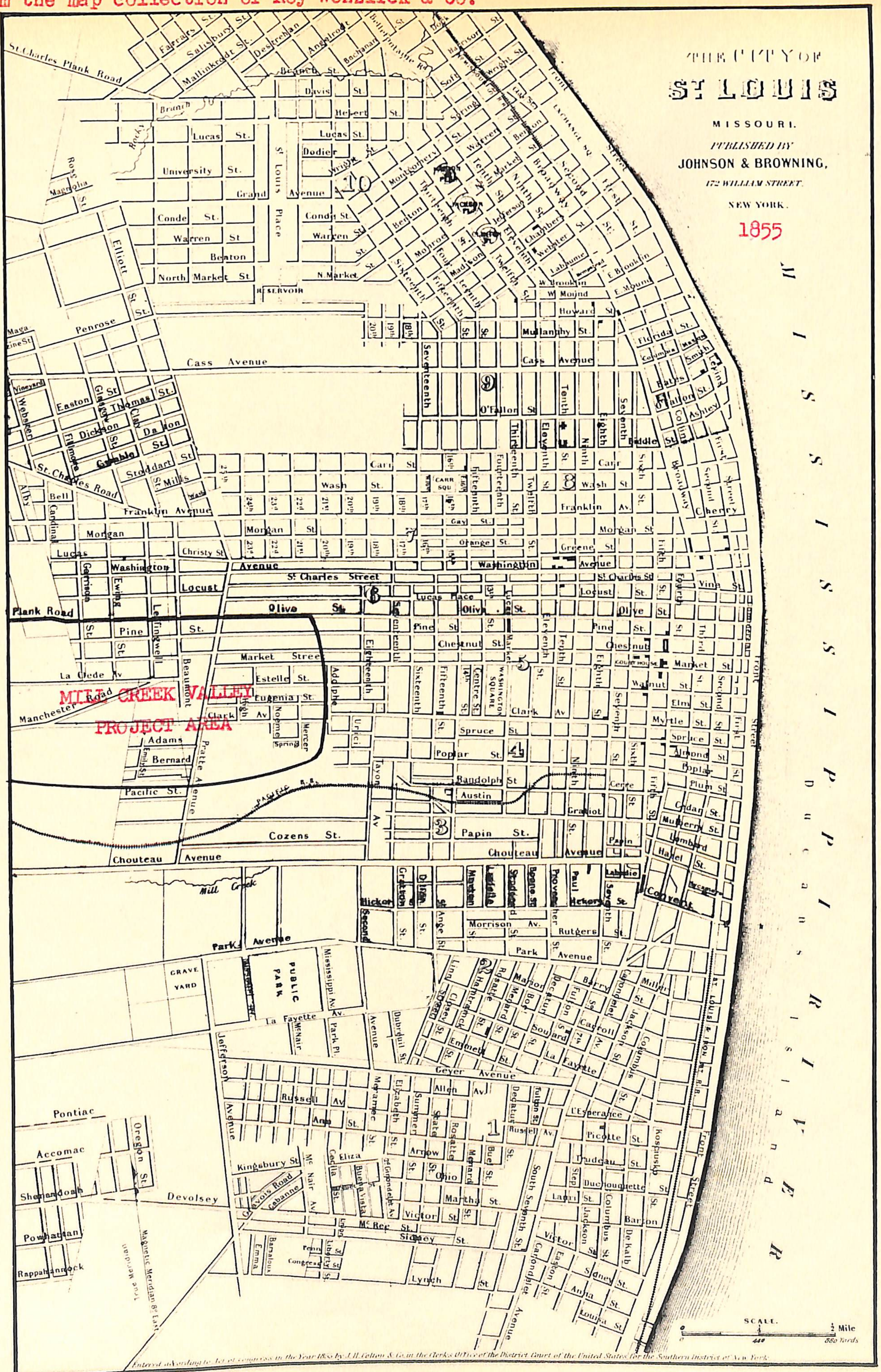
As shown on the frontispiece and the map on page 4, the Mill Creek Valley project area is located in the very heart of the City of St. Louis and its metropolitan area. Its eastern boundary adjoins the city's railroad terminal, Union Station, at the western end of the downtown district. The project area extends westwardly some 15 blocks to Grand Avenue, which is a major north-and-south boulevard in the center of the city. The area's southern boundary is along the railroad yards which occupy the original Mill Creek Valley and from which the area has obtained its name. The northern boundary of the district is Olive Street and Lindell (west of Channing) - an important east-west traffic artery - which was widened by bond issue funds in the late twenties.

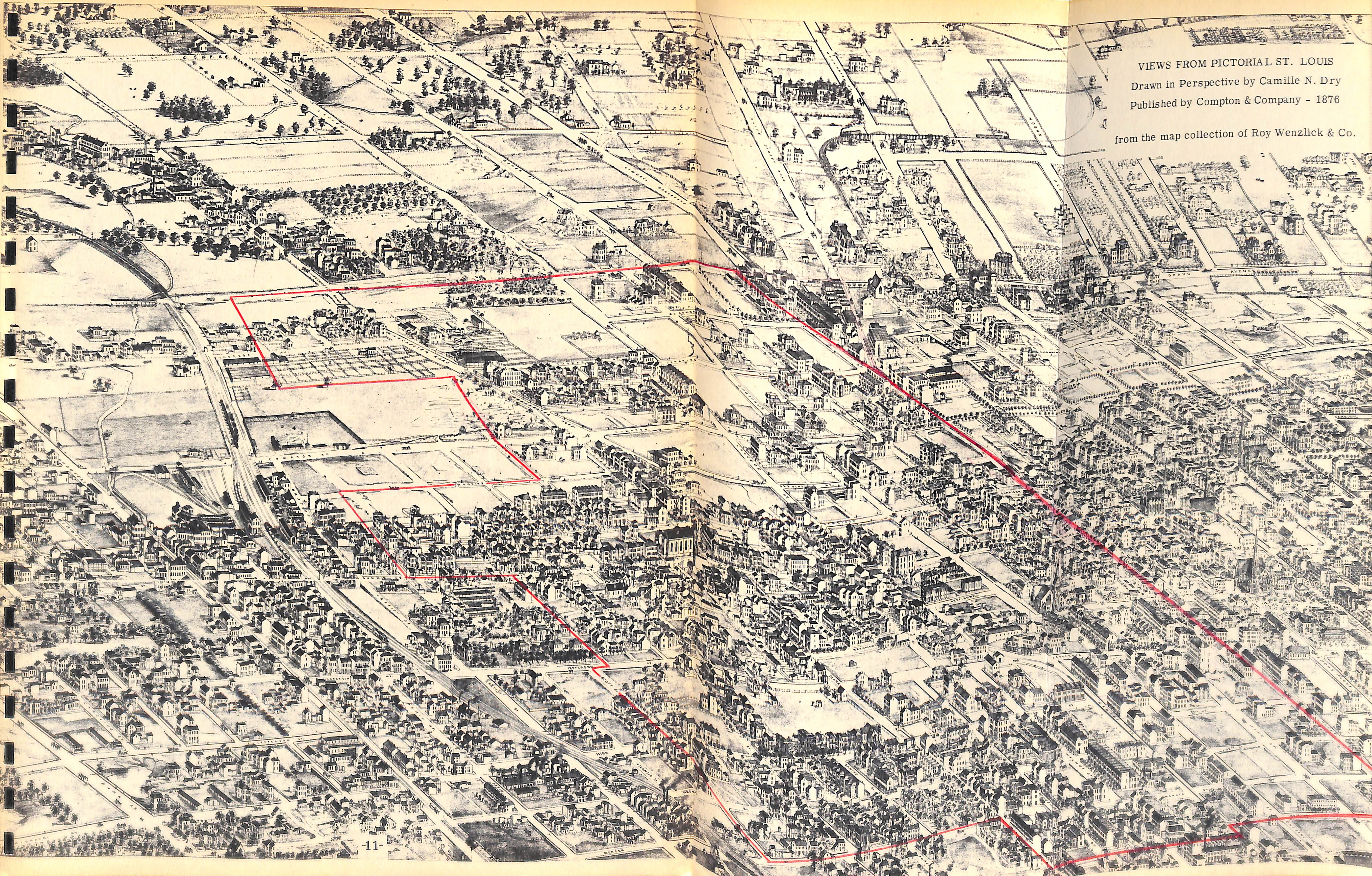
It can be seen at a glance that the project area lies in a most strategic position with respect to the downtown district and the surrounding areas. As a matter of interest, the old map on page 10, dated 1855, shows that most of the present streets in the area were already in existence 100 years ago. In the early 1800's the population moved westwardly into this area. Residential development at that time was substantial and acceptable. Before the turn of the century, however, mixed industrial uses began to encroach upon the residential areas as the city continued its westward movement. Residential properties were allowed to deteriorate and inevitable slums resulted.

As early as 1875 most of this area was already developed, as seen by the exhibit on page 11, which is a reproduction of pages from Compton's Pictorial St. Louis. Most of the structures shown in this exhibit are still standing, although in very poor condition.

At the present time the Mill Creek area is a hodgepodge of residential slums, commercial, and industrial uses. This fact is graphically illustrated by the land map shown on page 8. The nonhomogeneous nature of the area can be seen from the breakdown of the 2,222 parcels of land considered to make up the Mill Creek Valley project. Of this number, 181 are vacant lots or tracts. Twenty-nine of these parcels are in public or institutional use, 215 are commercial properties, includ-

from the map collection of Roy Wenzlick & Co.





VIEWS FROM PICTORIAL ST. LOUIS
Drawn in Perspective by Camille N. Dry
Published by Compton & Company - 1876

from the map collection of Roy Wenzlick & Co.

ing parking lots, while an additional 493 are what is construed to be "local retail" in use. One hundred nineteen are industrial parcels, leaving a residue of 1,185 parcels of strictly residential use. It should be added that a large percentage of the parcels listed above as local retail are actually combined retail and residential in use.

The area includes several large industrial installations. Included in this category are such firms as the American Thermometer Division of Robertshaw-Fulton Controls Company, the shops and yards of the Pullman Company, the Mott Carton Company, St. Louis Dairy's main plant and garage, the Christian Board of Publication, and Sterling Lacquer Manufacturing Company, to mention a few of the larger ones. Some of these operations will remain in the area after redevelopment, while many must give way, for one reason or another, to redevelopment.

Along the northern boundary of the project area lies a commercial development along the Olive and Lindell frontages. A portion of this commercial development is comprised of the film distribution center for the metropolitan area. The main local shopping district centers around the Jefferson-Market intersection, and has the aspects of a shoestring development both along Jefferson north and south of Market and Market east and west of Jefferson. The extreme southwestern corner of the project area - the pocket lying south of Market and immediately east of the Grand Avenue viaduct - is now entirely industrial in nature, and will be allowed to remain so in the redevelopment plan.

An overall analysis of the area as it is presently developed must emphasize its overwhelming slum aspects. At the present time neither commercial, residential, nor industrial development can go forward because of the mutual adverse influence each use has on the others. The vast amount of substandard housing has retarded the economic growth of the industrial and commercial uses. There will quite obviously be no new residential development with industrial and commercial properties scattered as they are throughout the area. When cleared of its slums and redeveloped under a carefully conceived up-to-date plan, however, the Mill Creek Valley project area should be an uplifting influence for the entire community.

II

PRELIMINARY REDEVELOPMENT PLAN

The proposed plan for the redevelopment of the Mill Creek Valley project area has been carefully and thoughtfully prepared by the City Plan Commission for the Land Clearance for Redevelopment Authority. The underlying consideration in preparation of this plan is the need for developing a plan which would be an integral part of the comprehensive city plan for St. Louis. Because of its strategic location in respect to the central land use pattern of the city, it was necessary to plan new land uses which would be both economically feasible and conforming with the uses in surrounding areas.

Likewise, the major street and expressway plan for the city is linked very closely to the redevelopment of this area. The proposed plan must provide for these major traffic arteries as well as for local streets to serve the new uses. While most of the existing properties in the project area today are residential slums in character, there are some substantial and satisfactory uses which ought not to be removed. All of these factors complicated the planning for the redevelopment of the Mill Creek Valley site.

The schematic map on the following page shows the location of the subject site and its preliminary plan in relation to the major features of the comprehensive plan for the whole central section of the city. The principal east-west expressway (Daniel Boone) will extend from the downtown district through the southern part of the Mill Creek area. A north-south expressway to bypass the downtown district and to connect with the Ozark and Mark Twain expressways to the north and south will intersect the eastern end of the project area.

As far as land uses are concerned, the light industrial section of the project area logically adjoins the central industrial district and railroad

yards on the south. The residential section on high ground adjoins the St. Louis University campus and its proposed extension. Most of the Olive Street frontage on the northern boundary of the project area is planned for commercial use which conforms with the long-established commercial character of the street. In the center of the residential section of the Mill Creek area is located an existing elementary school and high school. The proposed plan includes a local shopping center for the needs of future residents.

During the past several months the staff members of the City Plan Commission, the Land Clearance Authority and Roy Wenzlick & Co. met frequently to discuss the broad concepts of this future reuse plan. It was felt that by having the real estate economist's views during the formulation of the preliminary plan, the best results could be obtained. Roy Wenzlick & Co., therefore, participated actively in the formulation of this preliminary plan for redevelopment.

This function naturally required some basic assumptions prior to the completion of all of the material contained in this report. For example, it was assumed:

A. That there was definitely a place for all three major land uses - industrial, commercial, and residential.

B. That the industrial areas should be attractive for light industrial type uses since a shortage of available sites is known to exist in the city.

C. That the residential community created should be large enough to create a neighborhood and to support the existing elementary school and a local shopping center.

D. That the residential development should be predominantly of the low-density type rather than high-rise elevator apartments.

E. That the commercial character of Olive Street should be preserved for most of its frontage.

SCHEMATIC COMPREHENSIVE PLAN FOR CENTRAL AREA

LAND USE PLAN

RESIDENTIAL
COMMERCIAL
INDUSTRIAL
MILL CREEK VALLEY PROJECT AREA
PUBLIC & SEMI - PUBLIC
EXPRESSWAYS

In addition, since Roy Wenzlick & Co. had completed detailed appraisals on each individual property in the area, assistance was given to the planners by recommending which of the properties conforming to the general plan should be preserved.

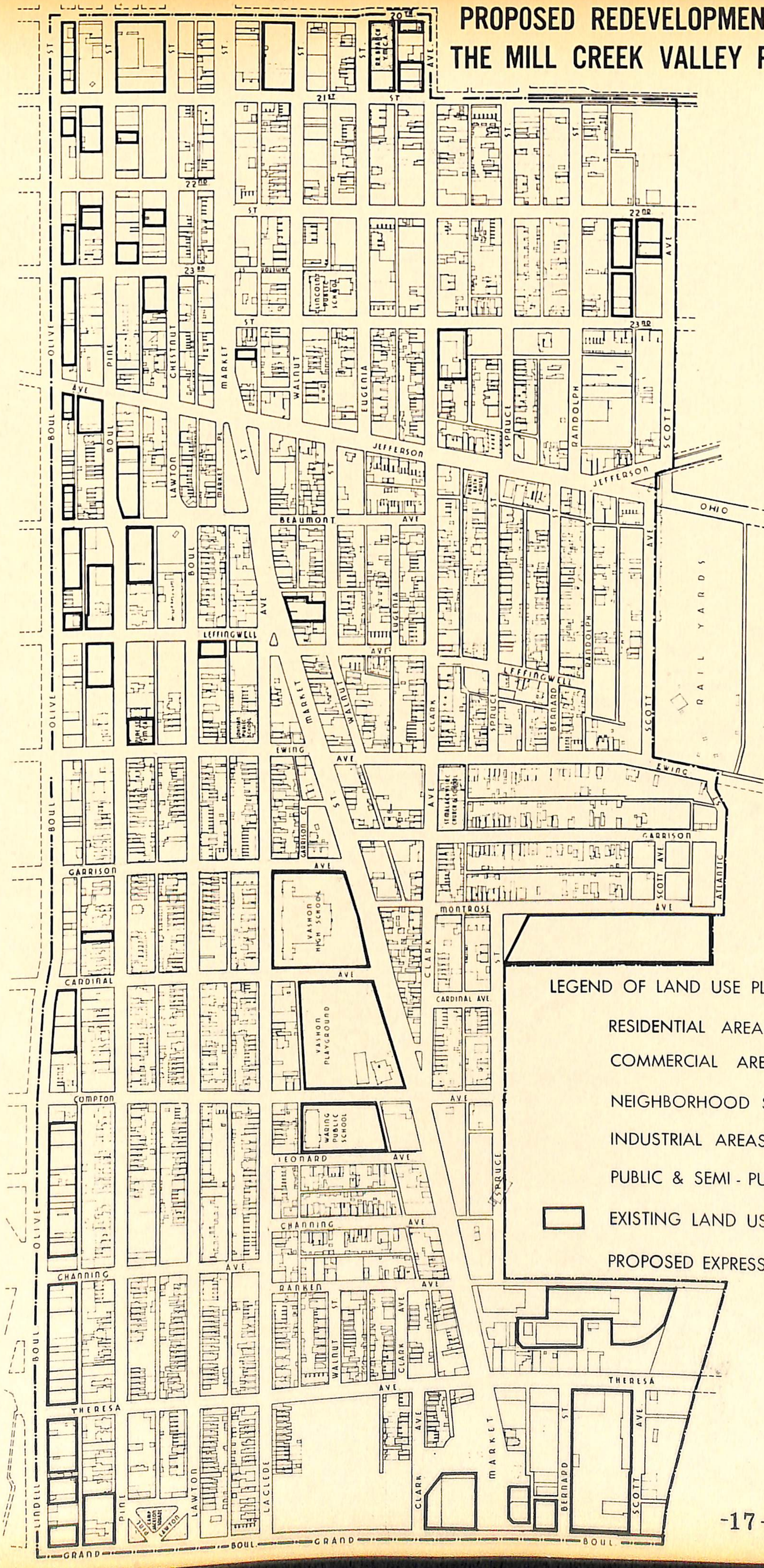
On the following page is a reproduction of the Preliminary Plan for Redevelopment. This plan shows the areas designated for the various uses as well as the circulation plan for local and through streets. Market Street is the most important east-west street existing today. It was felt that this artery should be retained in the future plan with connections made to both the Daniel Boone expressway and to Forest Park Boulevard. The other major street within the area which is retained with plans for widening is Jefferson Avenue.

Altogether there are approximately 460 acres contained within the project area. The following table contains a breakdown by type of land use for this total gross acreage:

Proposed Breakdown of Land Uses

		Acres
Residential		75.6
Business		27.0
Commercial	22.0	
Shopping	5.0	
Industry		175.9
Public and semipublic		46.2
Neighborhood center	22.8	
St. Louis University	23.7	
Circulation		133.8
Expressways	56.0	
Streets & alleys	77.8	
Total		458.5

PROPOSED REDEVELOPMENT PLAN FOR THE MILL CREEK VALLEY PROJECT AREA



LEGEND OF LAND USE PLAN

RESIDENTIAL AREAS (AV. DENS. 20 D.U. /AC)

COMMERCIAL AREAS

NEIGHBORHOOD SHOPPING AREAS

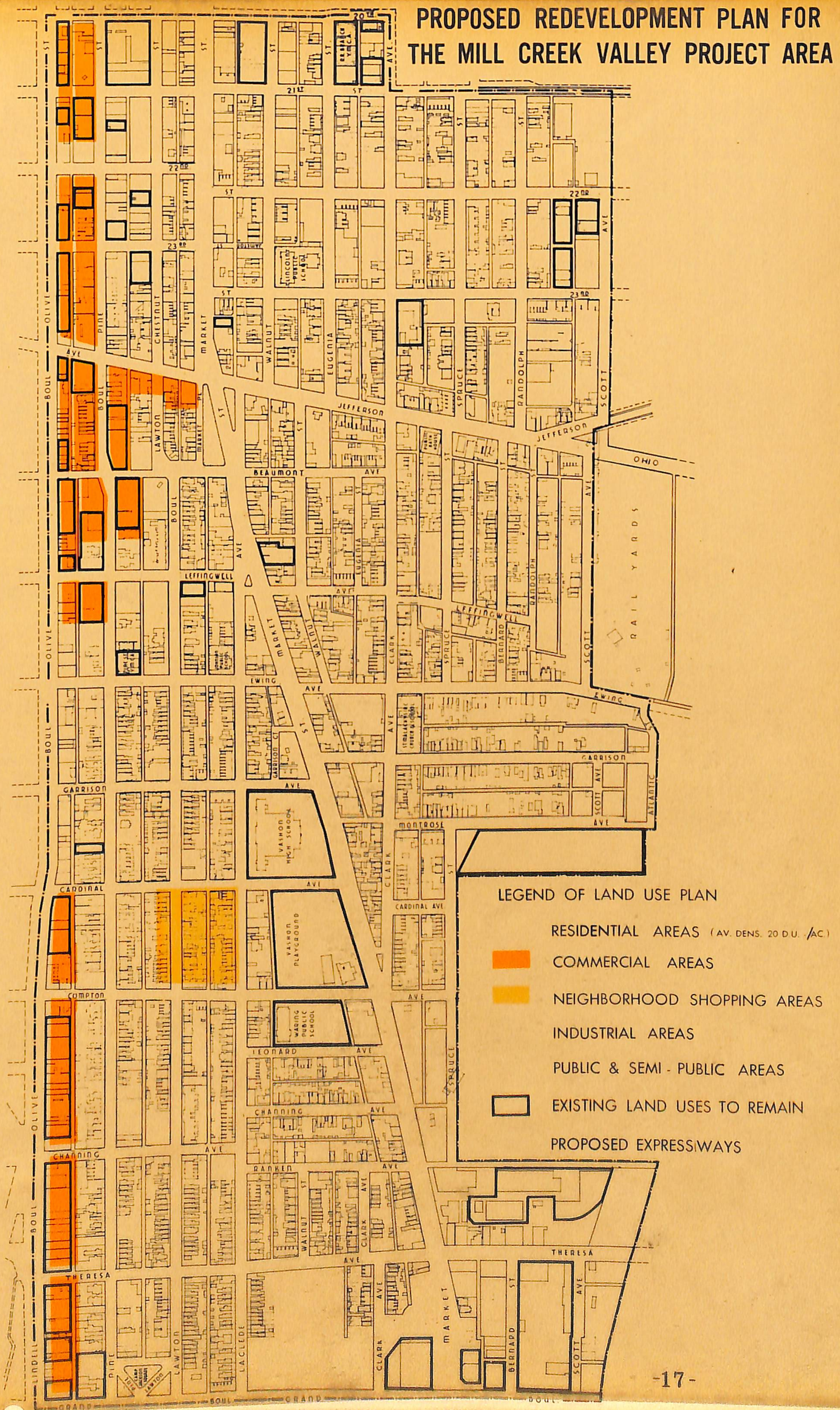
INDUSTRIAL AREAS

PUBLIC & SEMI - PUBLIC AREAS

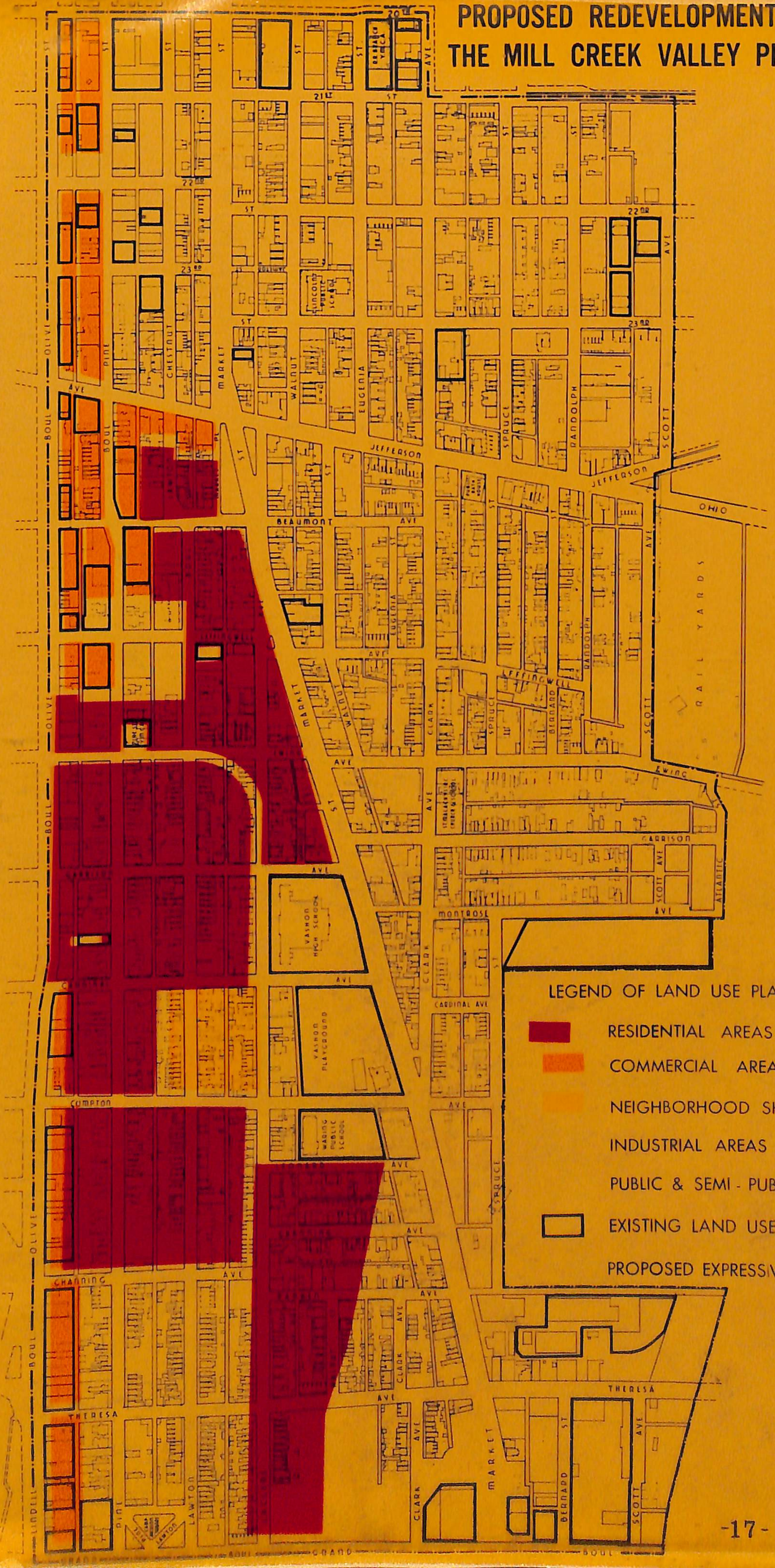
EXISTING LAND USES TO REMAIN

PROPOSED EXPRESSWAYS

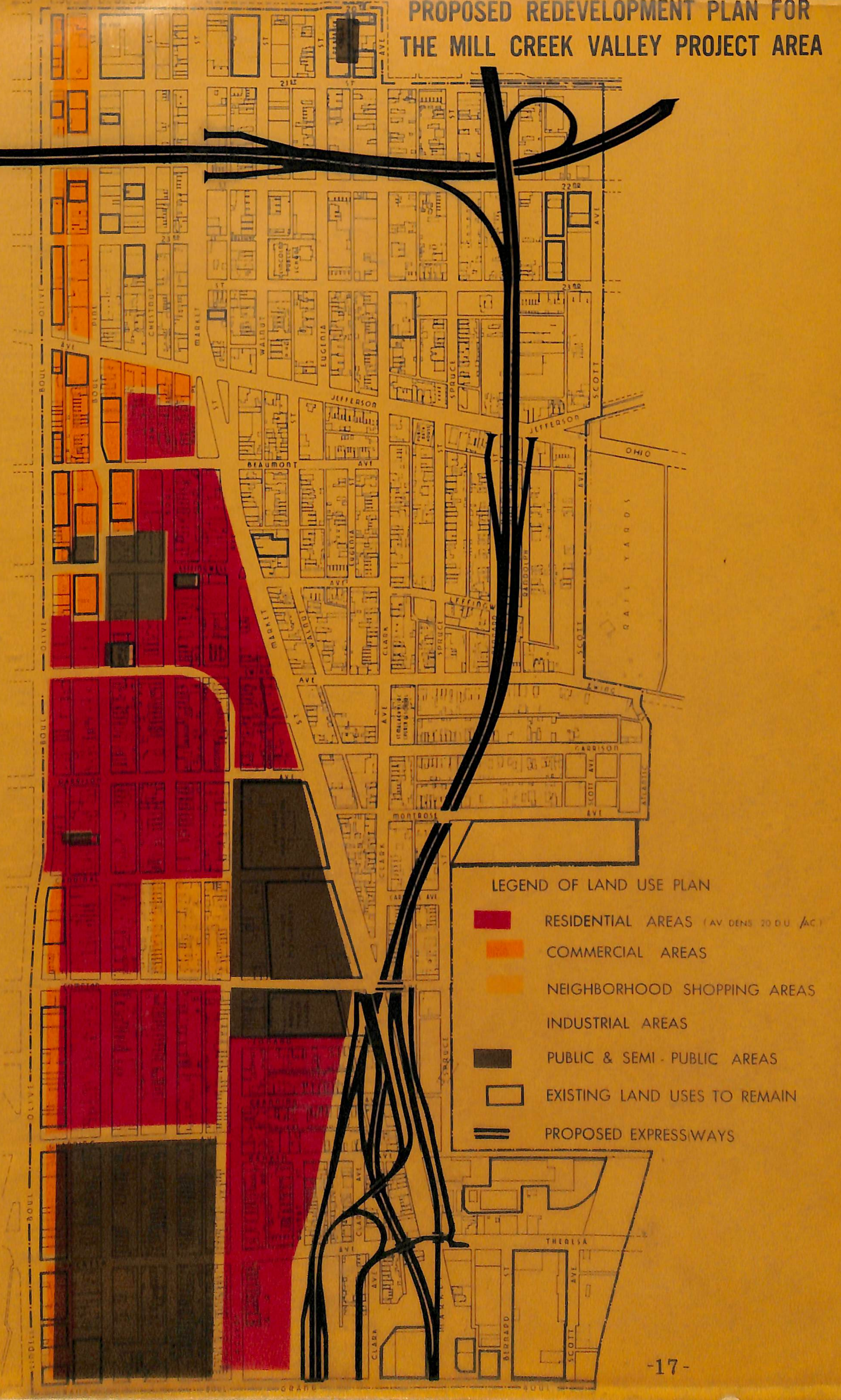
PROPOSED REDEVELOPMENT PLAN FOR THE MILL CREEK VALLEY PROJECT AREA



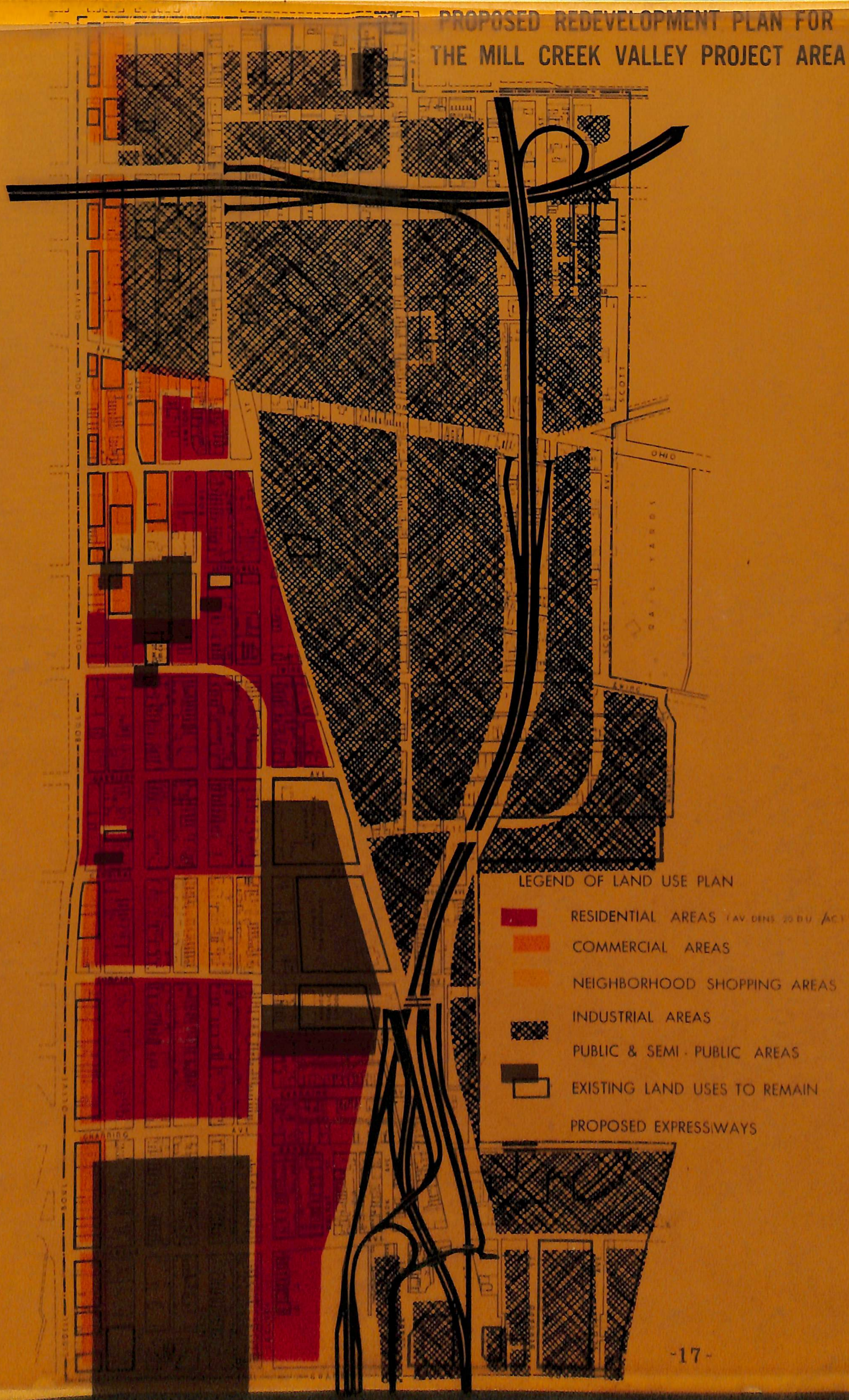
PROPOSED REDEVELOPMENT PLAN FOR THE MILL CREEK VALLEY PROJECT AREA



PROPOSED REDEVELOPMENT PLAN FOR THE MILL CREEK VALLEY PROJECT AREA



PROPOSED REDEVELOPMENT PLAN FOR THE MILL CREEK VALLEY PROJECT AREA



According to the plan for an average density of 20 families per acre, there will be 1, 512 dwelling units. The City Plan Commission has shown a breakdown of these residential units as follows:

	Acres
504 units - 6-story apartments	12. 6
504 units - 3-story apartments	19. 2
504 units - row houses	43. 8

In concluding this breakdown, densities used were 40 dwelling units per acre for the 6-story buildings, 26. 2 units per acre for the 3– story buildings, and 11. 5 units per acre for the row houses. Based on an average of 3-1/3 persons per unit, this would result in a future population of slightly over 5, 000. These density figures used were neither gross nor net since the developer will have to provide some thoroughfares in addition to those shown on the plan. Other access streets, walkways, and small parks will have to be provided from the residential sites.

The industrial areas will be restricted against objectionable uses such as junk yards, meat packing, and acid manufacturing. Rail facilities will be available to a large part of the industrial sites. Market Street provides the principal barrier between the residential areas on the north and the industrial areas on the south.

The St. Louis University campus addition comprises 23. 7 acres in the proposed plan directly across Grand Boulevard from the existing campus. It is understood that this campus addition will be used primarily for university buildings with perhaps some dormitories being constructed for students in the future.

The Vashon High School Community Center and playground along with the Waring Elementary School form a large area for school and recreational facilities near the center of the redevelopment area. The total area for these two schools will be expanded from 7. 3 acres to 16. 5 acres. Another elementary school site is shown on the plan south of Pine near Leffingwell, which contains 5. 5 acres.

The total area designated for commercial uses amounts to 27 acres, of which 5 are to be used for a neighborhood shopping center. However, 13.1 acres of this total 27 acres will be allowed to remain under their present ownership and use. Therefore, there are only approximately 9 acres available for general commercial use in the proposed plan.

As shown on the plan, a number of existing uses are scheduled to remain in the project area after redevelopment. A number of these are neighborhood facilities such as the Pine Street YMCA, several churches, the two schools mentioned, and numerous commercial and light industrial buildings.

In subsequent sections of this report attention will be given to various features of this preliminary plan in connection with its proposed uses. This section is merely an outline of its major features. On the whole, the plan is appropriate and well conceived for the redevelopment of this large central section of St. Louis.

III

ECONOMIC BACKGROUND

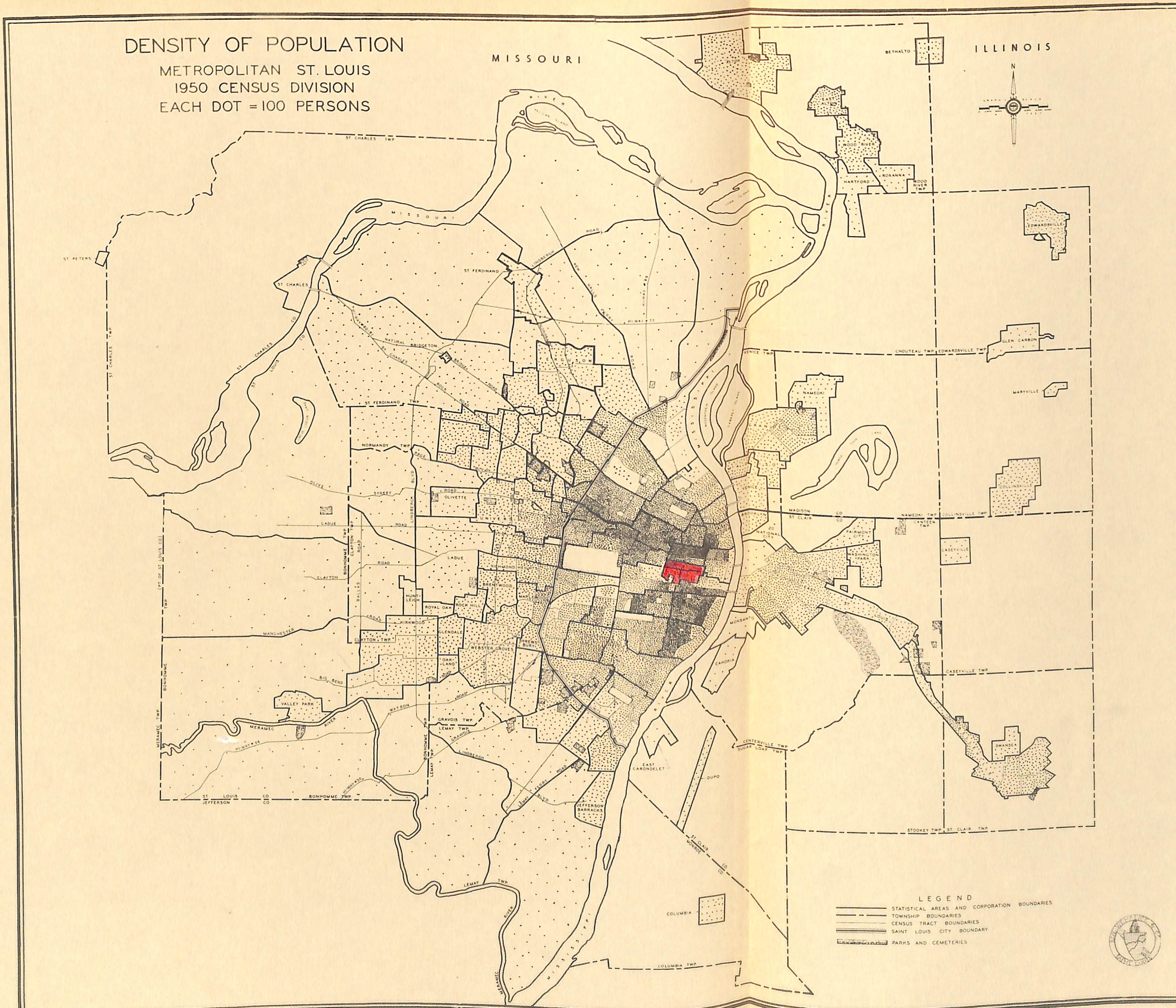
Population Trends

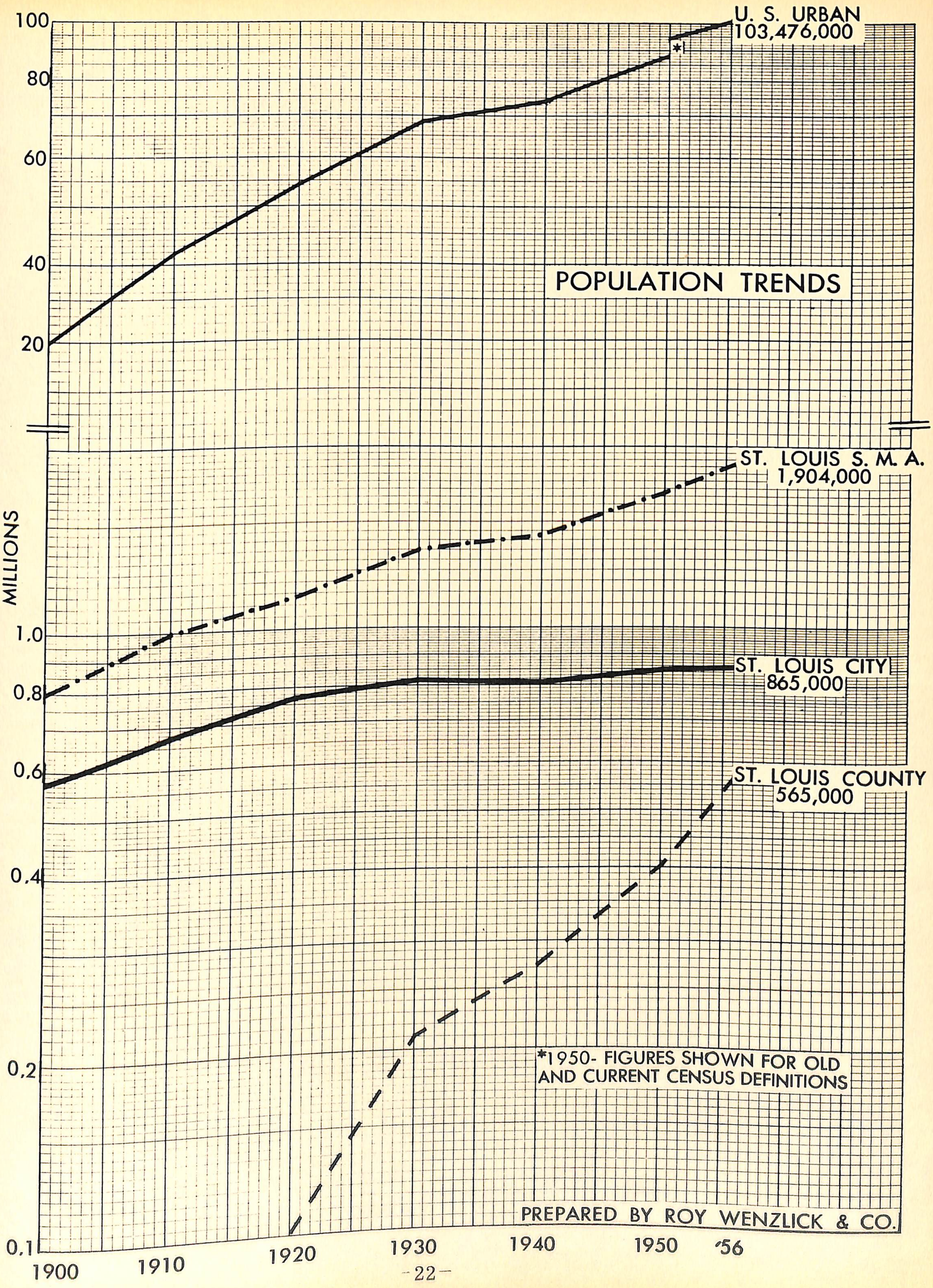
Whenever people talk about the size or growth of a city they invariably speak in terms of population. While population is actually the result rather than the cause of economic changes within an urban area, the use of population statistics provides a convenient yardstick to measure and compare these changes.

The size of an urban area is governed by its economic basis. Industries create jobs; jobs need workers; workers have families; families need housing, commercial uses and service industries. Historically, the St. Louis urban area has been one of consistent and steady growth, resulting from the continued expansion of an extremely diversified industrial base. A later section will show in detail the extent of this industrial growth and diversification. This section is concerned with the resulting population trends.

On the following page is a map of the metropolitan area showing the location of the Mill Creek Valley project with respect to the population distribution in the area. The darkest areas on the map to the north, northwest and south of the project area are the areas with the greatest number of rental units in the city. A large portion of these areas has been rated as slum or blighted areas. It can be seen on this map that the City of St. Louis has the largest concentration of population. To date the Illinois side of the metropolitan area has only a small part of the total St. Louis urban population.

The chart on page 22 shows the relationship between the growth of the St. Louis standard metropolitan area and the growth for all urban areas. Since 1900 the St. Louis Metropolitan Area has increased from approximately 800,000 population to almost 2 million. The United States urban population has increased during this period from 30 million to approxi-


DENSITY OF POPULATION
METROPOLITAN ST. LOUIS
1950 CENSUS DIVISION
EACH DOT = 100 PERSONS
MISSOURI
ILLINOIS
N
ST. CHARLES TWP.
ST. PETERS
ST. CHARLES
ST. CHARLES CO.
ST. LOUIS CO.
ST. FERDINAND
ST. FERDINAND TWP.
NORMANDY TWP.
NATURAL BRIDGETON
OLIVE
STREET
OLIVETTE
LADUE
CLAYTON
MANCHESTER
BONHOMME TWP.
CLAYTON TWP.
KIRKWOOD
GLENDALE
WEBSTER GROVES
BRENTWOOD
RICHMOND
ROCK HILL
ROYAL OAK
HUNTLEIGH
OAKLAND
BIG BEND
VALLEY PARK
MERAMEC
MERAMEC TWP.
GRAVOIS TWP.
LEMAY TWP.
LEMAY TWP
WATSON
LINDBERGH
BONHOMME
ST. LOUIS CO.
JEFFERSON CO.
BONHOMME TWP.
JEFFERSON BARRACKS
EAST CARONDELET
DUPO
COLUMBIA
COLUMBIA TWP.
ST. CLAIR
MONROE CO.
MISSISSIPPI
MISSOURI RIVER
BETHALTO
EAST ALTON
WOOD RIVER
ROXANNA
HARTFORD
WOOD RIVER TWP.
EDWARDSVILLE
GLEN CARBON
CHOUTEAU TWP.
EDWARDSVILLE TWP.
VENICE TWP.
NAMEOKI
MARYVILLE
VENICE
MADISON CO.
ST. CLAIR CO.
NAMEOKI TWP.
COLLINSVILLE TWP.
COLLINSVILLE
CANTEEN TWP.
CASEYVILLE
FAIRMONT CITY
NATIONAL CITY
BROOKLYN
EAST ST. LOUIS
MONSANTO
CAHOKIA
CASEYVILLE TWP.
CENTERVILLE TWP.
SUGAR LOAF TWP.
SWANSEA
STOOKEY TWP.
ST. CLAIR TWP.
LEGEND
STATISTICAL AREAS AND CORPORATION BOUNDARIES
TOWNSHIP BOUNDARIES
CENSUS TRACT BOUNDARIES
SAINT LOUIS CITY BOUNDARY
PARKS AND CEMETERIES



POPULATION TRENDS
U. S. URBAN
103,476,000
ST. LOUIS S. M. A.
1,904,000
ST. LOUIS CITY
865,000
ST. LOUIS COUNTY
565,000
MILLIONS
100
80
60
40
20
1.0
0.8
0.6
0.4
0.2
0.1
1900
1910
1920
1930
1940
1950
'56
*1950- FIGURES SHOWN FOR OLD AND CURRENT CENSUS DEFINITIONS
PREPARED BY ROY WENZLICK & CO.

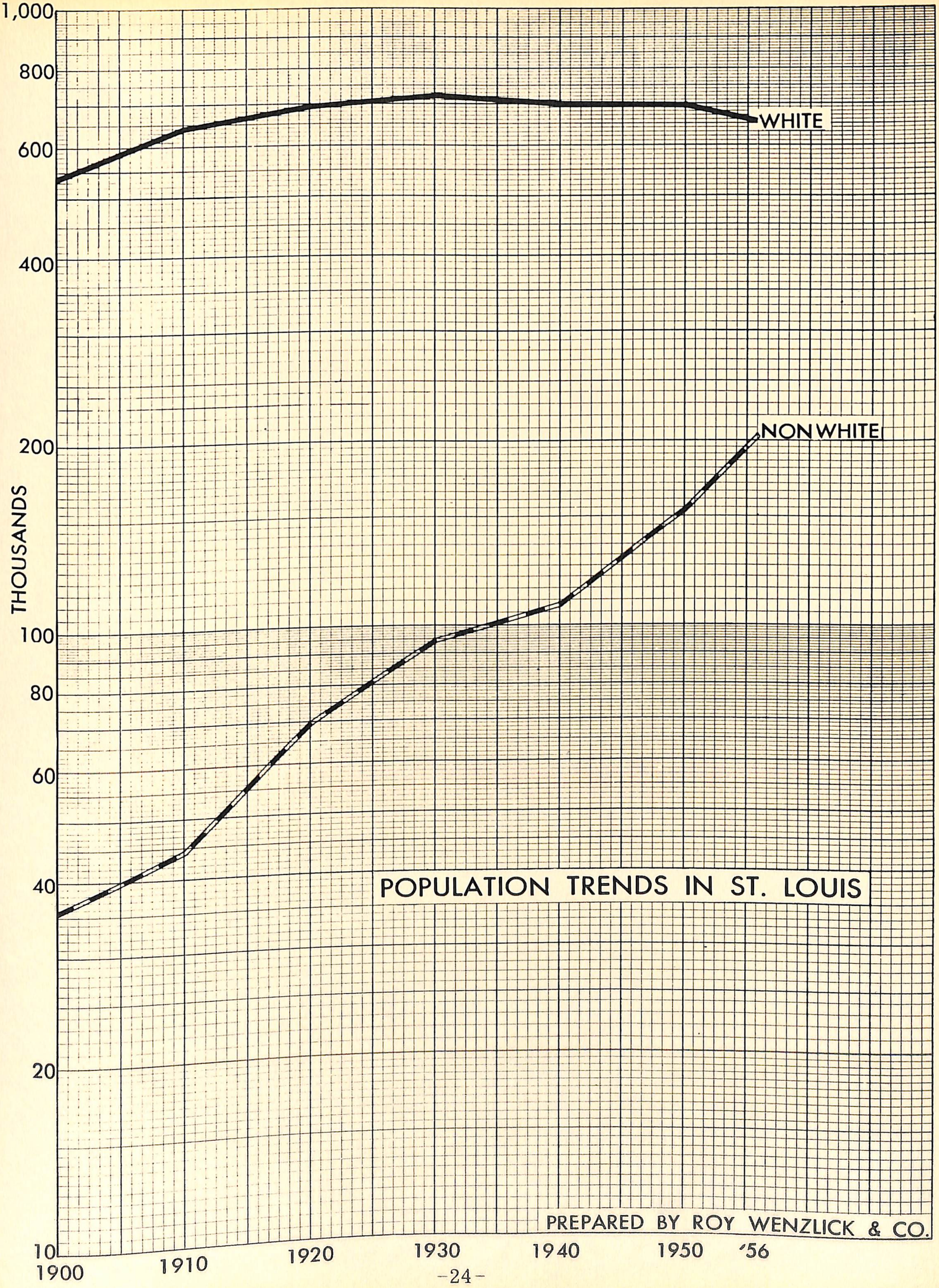
mately 100 million, or 3-1/3 times the 1900 urban population. The St. Louis area increased to a little under $2\frac{1}{2}$ times the 1900 figure. The line on the chart for the St. Louis area shows, however, a very consistent and steady growth.

Also on this chart is a comparison between the population in the City of St. Louis and in St. Louis County, the two major portions of the metropolitan area. It is peculiar to St. Louis that the city is not part of its county. The present city limits of St. Louis were established in 1876 and expansion has not been possible. Since 1930 the population of the City of St. Louis has varied relatively little. On the other hand, St. Louis County, as shown on the chart, has grown very rapidly since the 1920's. This experience is typical of the great population shift that has been taking place in our metropolitan areas, namely, the "flight to the suburbs."

At the same time another very important trend and shift in population has been taking place. The chart on page 24 shows the population trends within the City of St. Louis between 1900 and 1956. It is seen immediately that the white population leveled off after 1920 and actually has been decreasing since 1930. At the same time the nonwhite population in the city has been increasing at a very rapid rate. In 1900 only 6.2% of the city's population was nonwhite. At the present time it is estimated that this figure has reached 23.7%. All of the figures used in this section for the 1956 population were estimates prepared by the St. Louis Metropolitan Census Committee of the American Statistical Association.

The table on page 25 contains a summary of the data shown on the two charts referred to in this section. It also contains percentage relationships between the areas discussed.

It seems apparent that the trends shown in this section should continue for some time in the future. Naturally, the future population of the area will depend upon the growth and development of its industrial base. This phase of the problem is covered at greater length in the latter part of this section.


1,000
800
600
400
200
100
80
60
40
20
10
THOUSANDS
WHITE
NONWHITE
POPULATION TRENDS IN ST. LOUIS
PREPARED BY ROY WENZLICK & CO.
1900
1910
1920
1930
1940
1950
'56

POPULATION TRENDS

Year	Urban, U.S.	St. Louis Standard Metro. Area	% of U.S.	St. Louis City	% Standard Metro. Area	St. Louis County	% Standard Metro. Area	St. Louis City White	St. Louis City Non-White	St. Louis City Non-white % of St. Louis
1900	30, 160, 000	801, 131	2.66	575, 238	71.8	50, 040	6.2	539, 385	35, 853	6.2
10	41, 999, 000	1, 003, 858	2.38	687, 029	68.5	82, 417	8.2	642, 488	44, 541	6.5
20	54, 158, 000	1, 139, 877	2.12	772, 897	67.8	100, 737	8.8	702, 615	70, 282	9.1
30	68, 955, 000	1, 359, 512	1.97	821, 960	60.4	211, 593	15.6	726, 879	95, 081	11.6
40	74, 424, 000	1, 432, 088	1.92	816, 048	57.0	274, 230	19.1	706, 794	109, 254	13.4
50	88, 927, 000	1, 681, 281	1.89	856, 796	50.9	406, 349	24.2	702, 348	154, 448	18.0
56	103, 476, 000	1, 904, 000	1.85	865, 000	45.4	565, 000	29.7	660, 000	205, 000	23.7

*Based on new Census definition of urban areas; comparable figure for 1950 - 95, 916, 000.

Urban U. S. estimate is Census Bureau figure; other 1956 estimates made by St. Louis Metropolitan Census Committee as of January 1.

Migratory Trends in St. Louis

In our opinion, the market for the proposed housing in the Mill Creek Valley is largely made up of present St. Louis families. In particular we feel this area will be attractive to the Negro population since, as will be shown in a later section, they occupy such a large amount of substandard housing. Also, this area is in the midst of a long-established Negro community. For this reason we feel that it is important to examine what is taking place currently with respect to migration.

The table on the following page shows the resident births and resident deaths among the white and nonwhite population in the city. We find on this table that there was a net excess of births over deaths between 1940 and 1950 of 48,575 whites and 11,662 nonwhites. From 1950 through 1955 we find this excess to be 35,554 whites and 20,470 nonwhites. From the 1940 and 1950 census data, we have the total white and nonwhite population. Between 1940 and 1950 there was a net decrease in white population of 4,446. According to the excess of births over deaths, this figure should have been a plus 48,575; therefore, there has been a net outmigration between 1940 and 1950 of 53,021 whites.

Between 1940 and 1950 there was a net increase of 45,683 nonwhites. Only 11,662 of this figure was a natural increase of births over deaths; therefore, we conclude that there has been a net inmigration of nonwhites of 34,021. Summarizing this, we find between 1940 and 1950, the city had a net loss through migration of between four and five white families a day, on the average, while at the same time there was a net gain through inmigration of approximately three nonwhite families per day.

Next we considered the period between the census in 1950 and the population estimate of January 1, 1956. For this 5-3/4-year period it has been estimated there was a net loss of 77,902 whites through out-

WHITE AND NONWHITE POPULATION TRENDS - CITY OF ST. LOUIS

	White Population: Resident Births	White Population: Resident Deaths	Nonwhite Population: Resident Births	Nonwhite Population: Resident Deaths
1940 (Apr.-Dec.)	7,014	5,783	1,467	1,350
1941	10,192	7,190	2,138	1,715
1942	12,347	7,641	2,295	1,760
1943	12,670	8,201	2,621	1,976
1944	11,088	7,506	2,553	1,808
1945	11,494	7,946	2,775	1,812
1946	14,384	7,551	3,299	1,897
1947	15,053	8,151	3,866	1,971
1948	13,872	7,512	4,034	2,000
1949	13,638	7,434	4,205	1,968
1950 (Jan.-Mar)	3,713	1,975	1,177	511
1950 (Apr.-Dec.)	11,137	5,924	3,529	1,533
1951	14,935	7,802	5,068	2,148
1952	13,647	7,799	5,373	2,182
1953	13,624	7,645	5,790	2,244
1954	13,149	7,270	6,406	2,145
1955	12,423	6,921	6,577	2,021
Total Apr. 1940 Mar. 1950	125,465	76,890	30,430	18,768
Total Apr. 1950 Dec. 1955	78,915	43,361	32,743	12,273

	White	Nonwhite
EXCESS BIRTHS OVER DEATHS		
1940- 50	48,575	11,662
1950- 55	35,554	20,470
POPULATION		
1940 (Apr.)	706,794	108,765
1950 (Apr.)	702,348	154,448
1956 (Jan., Est.)	660,000	205,000
NET CHANGE		
1940-50	- 4,446	+ 45,683
1950-56	- 42,348	+ 50,552
APPARENT IN - OR OUTMIGRATION (NET CHANGE MINUS NATURAL INCREASE)		
1940-50	- 53,021	+ 34,021
1950-56	- 77,902	+ 30,082

migration and a net gain of 30,082 nonwhites through inmigration. This means that currently the city is losing slightly over 10 white families per day because of outmigration while it is gaining almost five nonwhite families per day through inmigration. (Excess of births over deaths accounts for the balance of the net change.)

A recent Wall Street Journal article on the subject of Negro migration quoted a real estate authority as saying that in Chicago, 200 dwelling units per week were changing from white to Negro occupancy. Another source expressed this trend in terms of 2½ city blocks per week. St. Louis is also experiencing a population shift which is occurring in other northern cities to an even greater extent.

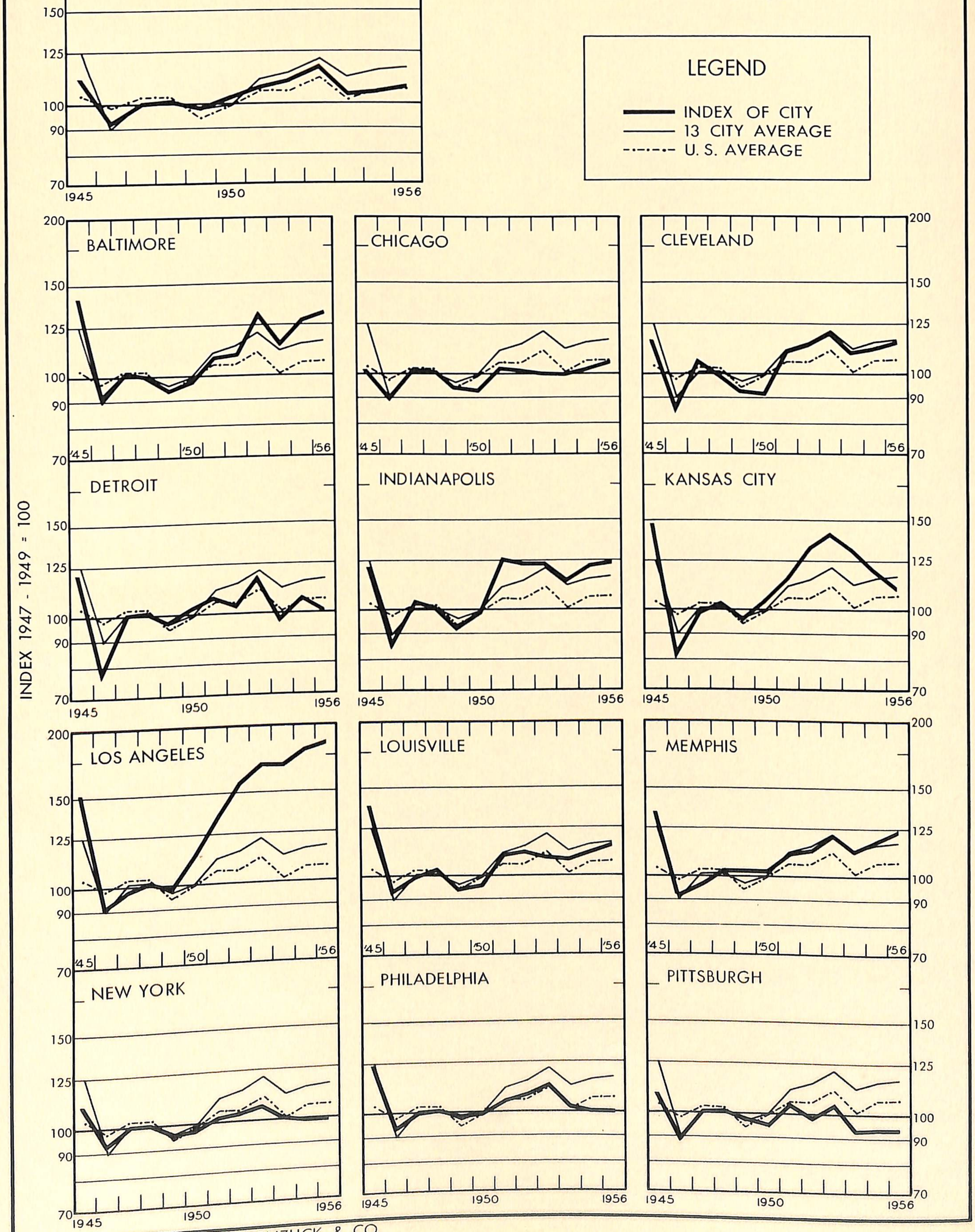
Trends in Area's Industrial Development

St. Louis is a city blessed with highly diversified business activities. The financial and wholesale phases of general business activity in St. Louis are as important as the industrial. The latest figures available indicate that of a total employment of 700,000 in the St. Louis Metropolitan Area, 270,000 are employed in manufacturing, while 430,000 are employed in other types of enterprise. The same blessing of diversification also applies to industrial activity. While St. Louis is widely known for its beer and shoes, an almost infinite number of products are made by St. Louis area manufacturers.

Like many of the older mature cities, St. Louis industry developed very rapidly in the nineteenth century. In the twentieth century, manufacturing employment in the St. Louis area has risen at a rate which, while not spectacular, has been steady. The charts on the following page compare manufacturing employment in St. Louis with that of selected other cities. The chart confirms the fact that St. Louis has managed to hold its own with cities in its population class. Los Angeles, of course, has shown a spectacular growth, outstripping most other cities in the nation. Several of St. Louis's smaller neighbor cities have been taking rapid strides in industrial development. The conclusion can be

Manufacturing Employment

INDEX 1947 - 1949 = 100



drawn from the chart, however, that in an atmosphere of national prosperity, industrial activity in the St. Louis area can be expected to remain strong, and that continued growth is certainly a normal expectation.

By and large, this conclusion can be substantiated by an analysis of the natural factors which make a community attractive from the standpoint of industrial enterprise. What are the important factors to be considered in locating an industrial site? While these will vary to some extent, based on the type of industry involved, they are basically as follows:

Availability of satisfactory sites.

Satisfactory freight facilities.

Availability of other transportation facilities.

A satisfactory labor supply.

The presence of raw materials.

Satisfactory utilities, such as electricity, water, etc.

The market area.

The presence of a recurring fund of technical knowledge.

The St. Louis Metropolitan Area excels in most of these factors. If the area is taken as a whole, there are still available many fine industrial sites and others are being made available. (This particular point constitutes the basic concern of the industrial section of this report.) The basic lack in this regard is for sites which are centrally located in the city of St. Louis. No other city in the country offers the freight facilities, both as to rail and truck, afforded by St. Louis. In addition, St. Louis offers important barge line freight facilities. The importance of the latter has grown markedly over the past decade. As far as other transportation facilities are concerned, St. Louis is adequately served by air, bus and rail passenger travel facilities.

While St. Louis could never be considered a cheap labor market, it offers a valuable fund of skilled labor. The St. Louis labor market is a

comparatively peaceful one, and there has been a notable absence of industrial strife. While there is no great amount of unemployment in the St. Louis region, the city has always been able to draw on surrounding rural areas for the manpower needed to increase manufacturing activities. A great many people who migrated to St. Louis from out-State Missouri and northern Arkansas during World War II were persuaded by continuing economic opportunities to make St. Louis their permanent home. This sort of migration will continue just as long as St. Louis continues to grow economically.

Little can be said about the subject of raw materials, inasmuch as this is largely dependent upon the particular industries involved. It is true, however, that St. Louis is a processing center for a large number of raw materials, many of which are to be found naturally in the St. Louis region. The presence of several large chemical firms in the area is an important point to consider in this regard.

Few cities surpass St. Louis in the quality of utilities offered. With the Mississippi River at its door, St. Louis has an excellent source of water, and also a very satisfactory, if controversial, disposal facility. Natural gas and electric power are available in satisfactory quantities and rates are very favorable in comparison with the average large city.

The factor of market area is of particular importance in the consideration of a development such as that proposed for the Mill Creek Valley. It seems probable that most of the firms which will locate in this area will be either in the nature of light manufacturing or wholesale operations and, in either event, will be particularly interested in the distribution potential of such a site. The population of the St. Louis Metropolitan Area is now at a level of approximately 1,900,000. According to the St. Louis Chamber of Commerce, the St. Louis sales region is said to embrace over 2-1/4 million in population.

The last item, which is perhaps considered only in the placement of large industrial installations, is nonetheless an important one. St. Louis boasts two outstanding institutions of higher learning, both enjoying a

national reputation in various fields. In a period where industry appears to be plagued by a lack of technically trained personnel, this factor will undoubtedly take on increasing importance.

It should be pointed out also that St. Louis enjoys an advantageous geographical position. It is reasonably near the geographic center of the country, and at the present moment its business men can reach most major cities in 6 hours or less.

From the standpoint of this report a more significant indicator of the industrial stature of St. Louis is the rate of new industrial development. The F. W. Dodge Corporation publishes data on contracts awarded for manufacturing buildings for the large metropolitan areas included in the 37-State region covered in their service (the West Coast and Mountain States are excluded).

In order to evaluate the St. Louis area's ability to hold its own in new industrial development these figures have been translated into chart form. This information has been charted for St. Louis and for 11 other cities selected because they were competitive to St. Louis from either a population standpoint or from the standpoint of proximity to the St. Louis region. These charts, which show the information indexed for each city as compared to an index of the composite of the 12 cities, will be found on the following page.

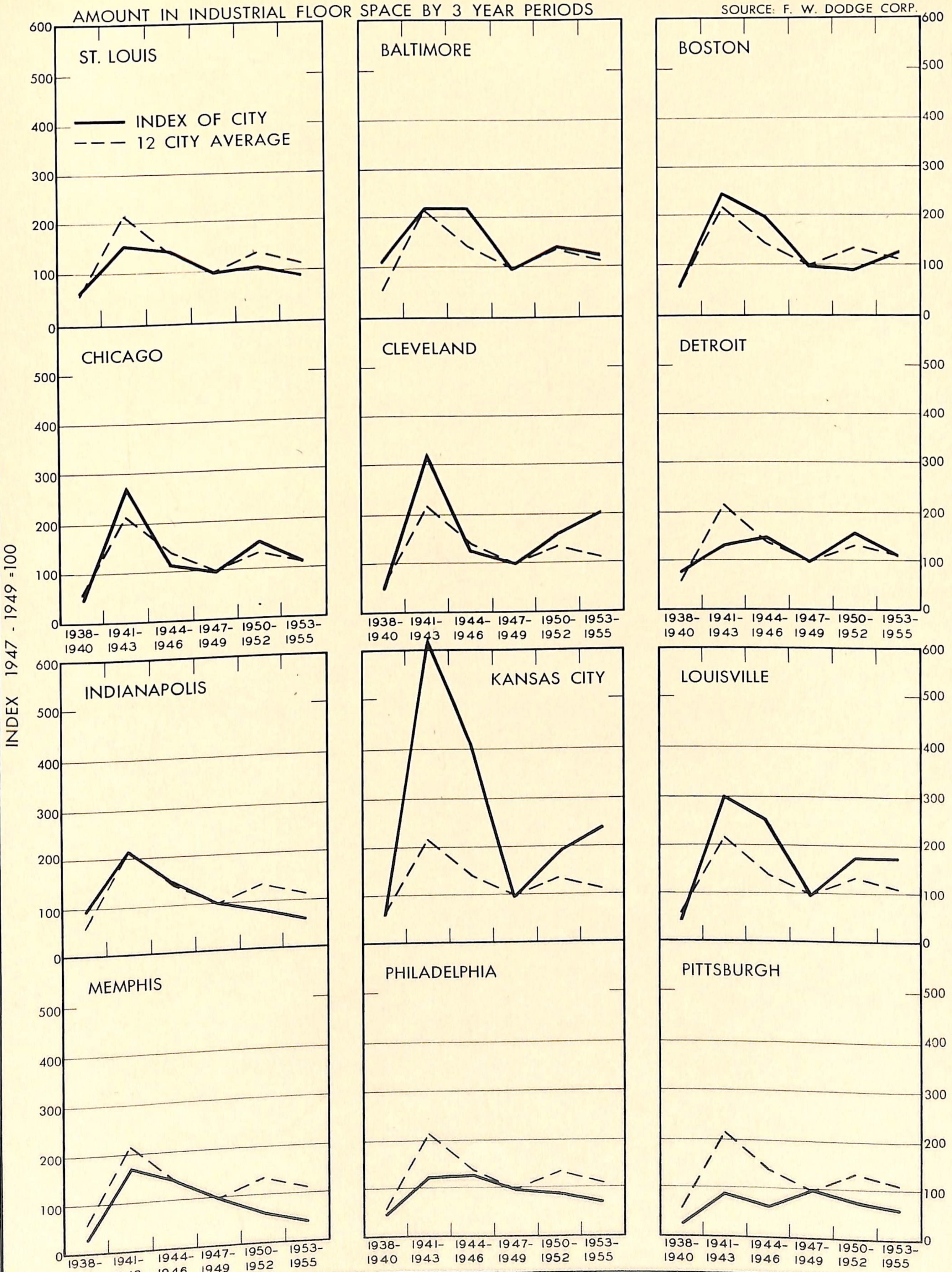
Because of the rather erratic nature of industrial development, this information has been averaged for 3-year periods starting in 1938 and running through 1955. The information divided in this fashion provides roughly the picture for the following general period: the pre-World War II period, the early war years, the late war years and immediate postwar years, the period between World War II and the Korean War, the Korean War years, and the post-Korean War period.

The charts appear to indicate that St. Louis has not held its own in the Korean War and post-Korean War period. Indianapolis, Memphis, Philadelphia and Pittsburgh all fall in the same category, and all four

Contracts Awarded For Manufacturing Buildings For Selected Cities

AMOUNT IN INDUSTRIAL FLOOR SPACE BY 3 YEAR PERIODS

SOURCE: F. W. DODGE CORP.



PREPARED BY ROY WENZLICK & CO.

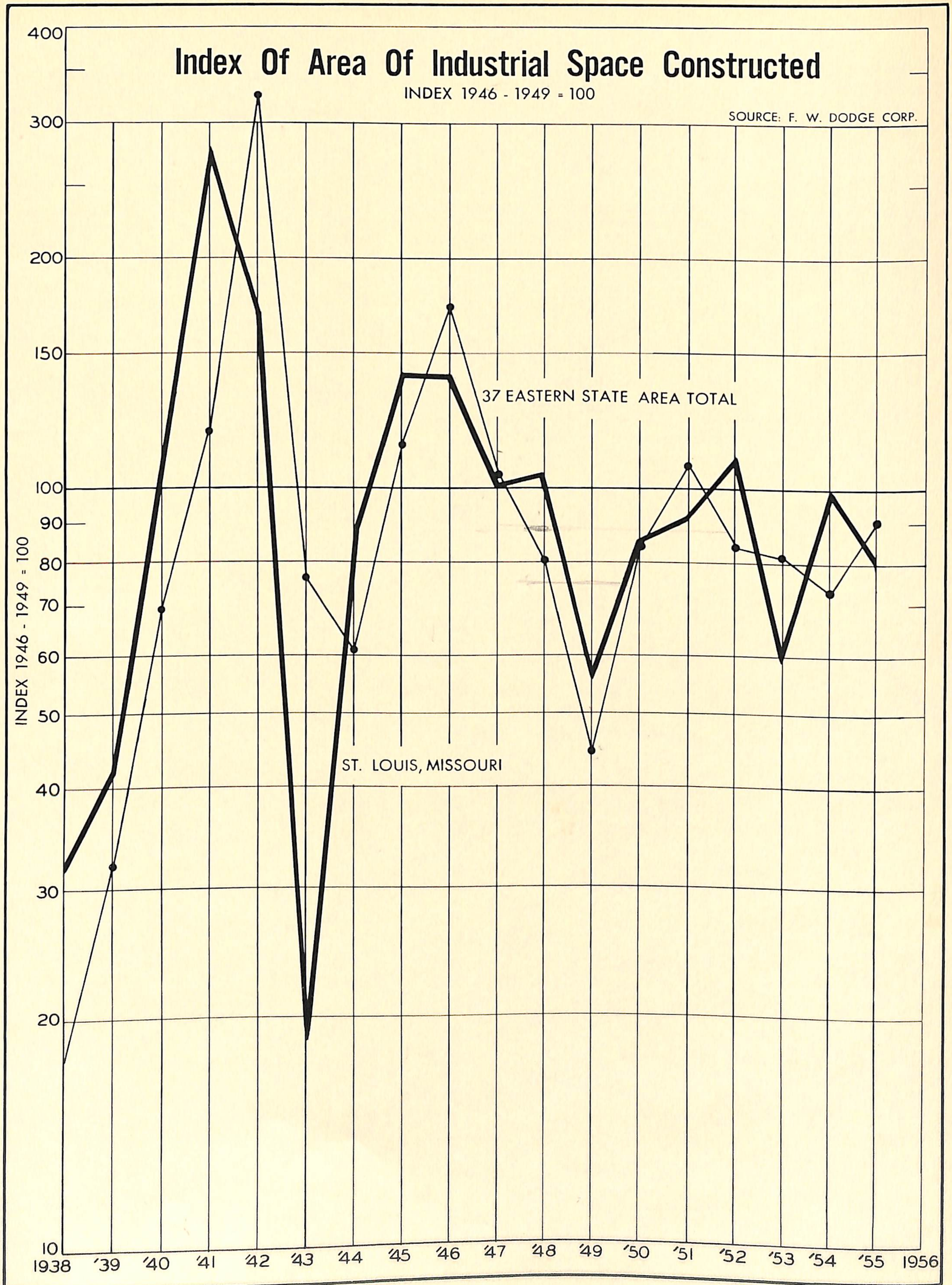
make a poorer showing than does St. Louis. Of the five cities falling above the 12-city average, only Cleveland enjoys a position of unquestionable superiority.

In order to magnify the St. Louis picture, this same information has been charted on a year-to-year basis, using an index of 1946-49 = 100. In order to provide a basis of comparison all manufacturing space included in the contract awards covered by the Dodge Service has been indexed in a similar manner. The picture shown here is a considerably more severe one for St. Louis, as it would appear that the metropolitan area has fared badly during the last year. In view of the rather erratic nature of the graph line, however, it would be unwise to form any definite conclusions until additional experience has been recorded.

In an attempt to throw additional light on the rather poor showing indicated for the St. Louis area, this same information was analyzed on a regional basis. It has generally been conceded that a major part of current industrial development is being placed either in the South or the far West. Unfortunately, the Dodge Service does not include information on the West Coast. Also, their regional breakdown is somewhat different from that used by the Federal Government, a more usable delineation. However, the regional data has been charted by years, indexed on a 1947-49 basis. Each region is charted individually, compared to the index of St. Louis data and the total for the 37-State area.

As was anticipated, the southeast sector of the country has shown up particularly well over the past 3 or 4 years. It is somewhat encouraging to note that the region including St. Louis is making a poor showing as a unit. This region embraces Missouri, southern Illinois, Nebraska, Kansas, Arkansas, Oklahoma, Texas, western Tennessee, Mississippi, and Louisiana.

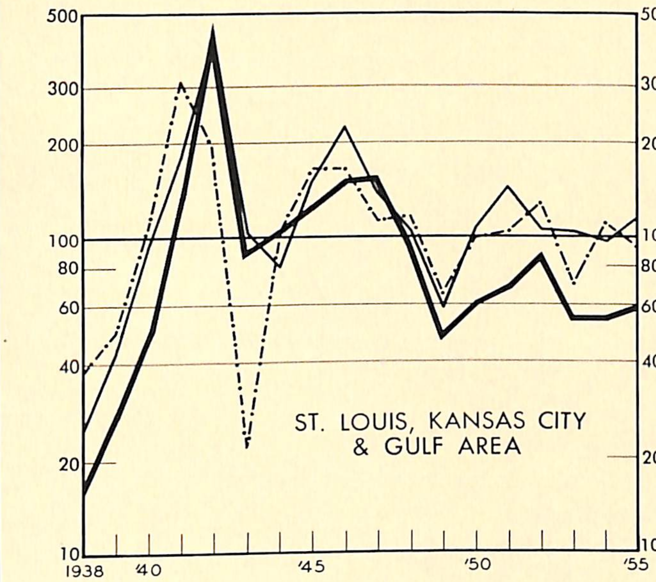
In summary it must be said that the St. Louis area did not make a satisfactory showing during 1955 with regard to new industrial development. It is difficult to make any positive statements as to the reason for this situation. However, it is entirely possible that a shortage of land suitable for industrial development within a reasonable distance of the heart of the city may be a contributing factor. An analysis of the availability of suitable industrial ground will be developed in a subsequent section.



Index Of Area Of Industrial Space Constructed
INDEX 1946 - 1949 = 100
SOURCE: F. W. DODGE CORP.
37 EASTERN STATE AREA TOTAL
ST. LOUIS, MISSOURI
INDEX 1946 - 1949 = 100
400
300
200
150
100
90
80
70
60
50
40
30
20
10
1938
'39
'40
'41
'42
'43
'44
'45
'46
'47
'48
'49
'50
'51
'52
'53
'54
'55
1956

Regional Indexes of Construction Contracts Awarded for Manufacturing Buildings

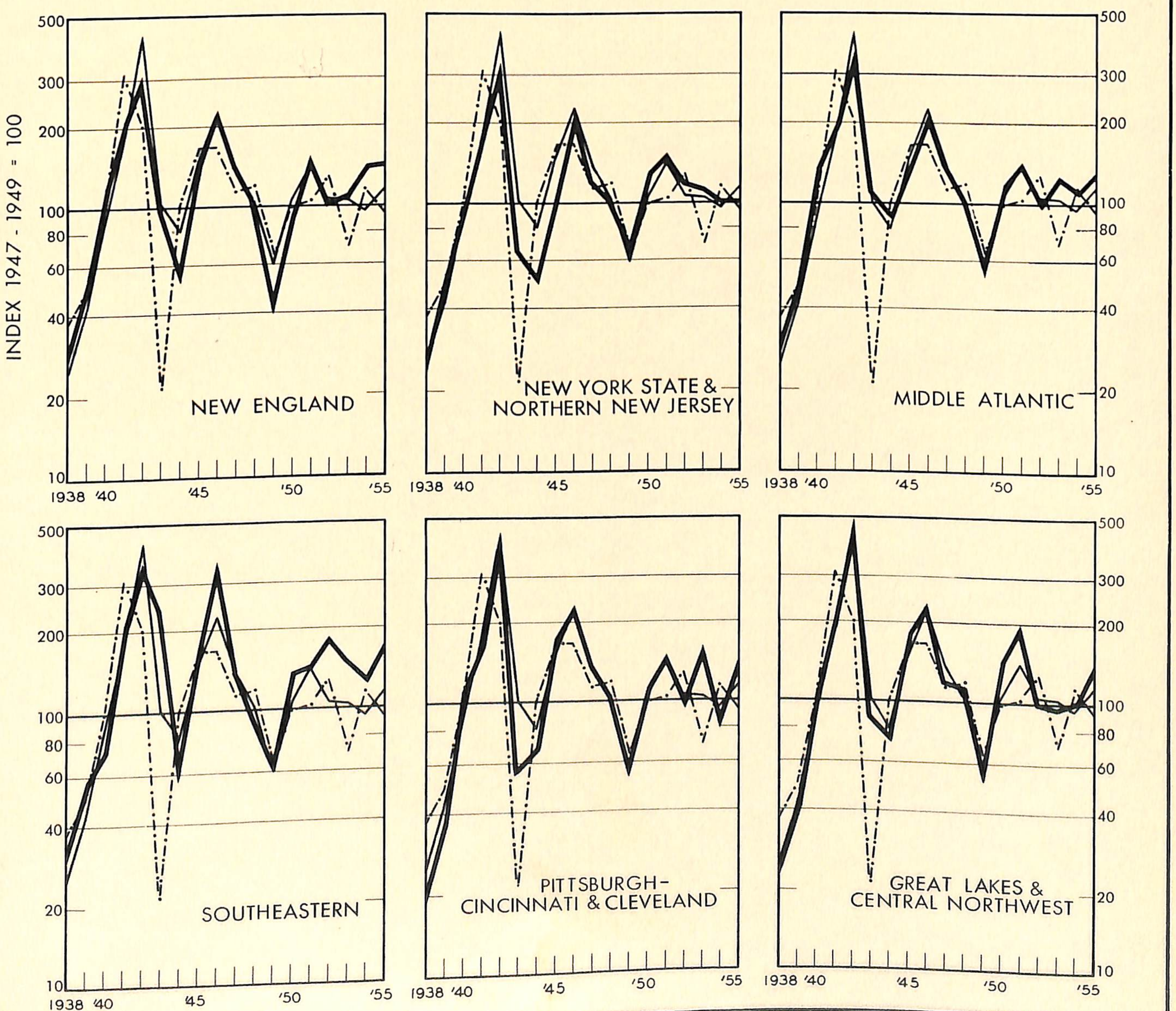
INDEX 1947 - 1949 = 100



LEGEND

REGIONAL INDEX
ST. LOUIS INDEX
INDEX OF 37 EASTERN STATES

SOURCE: F. W. DODGE CORP.

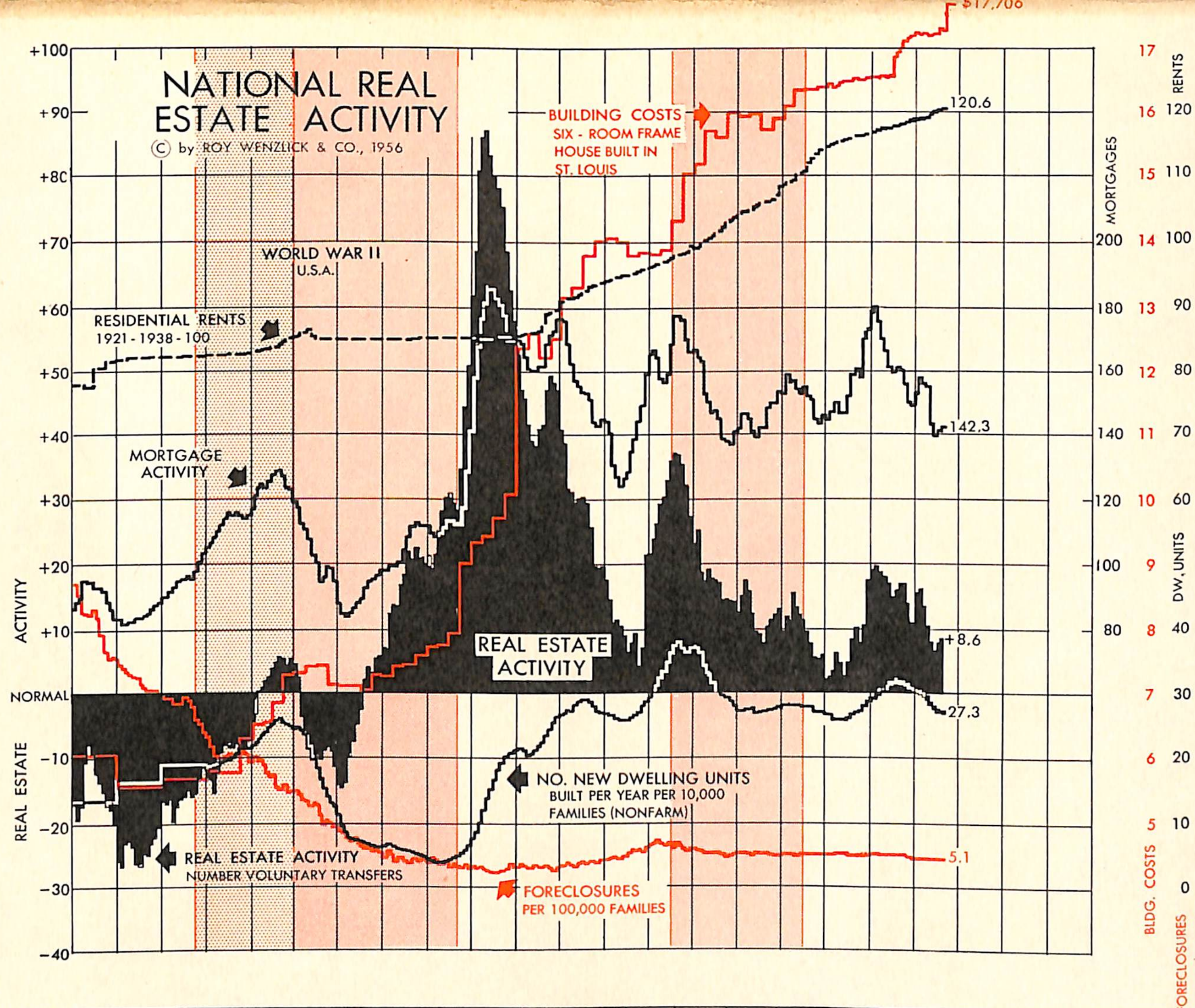


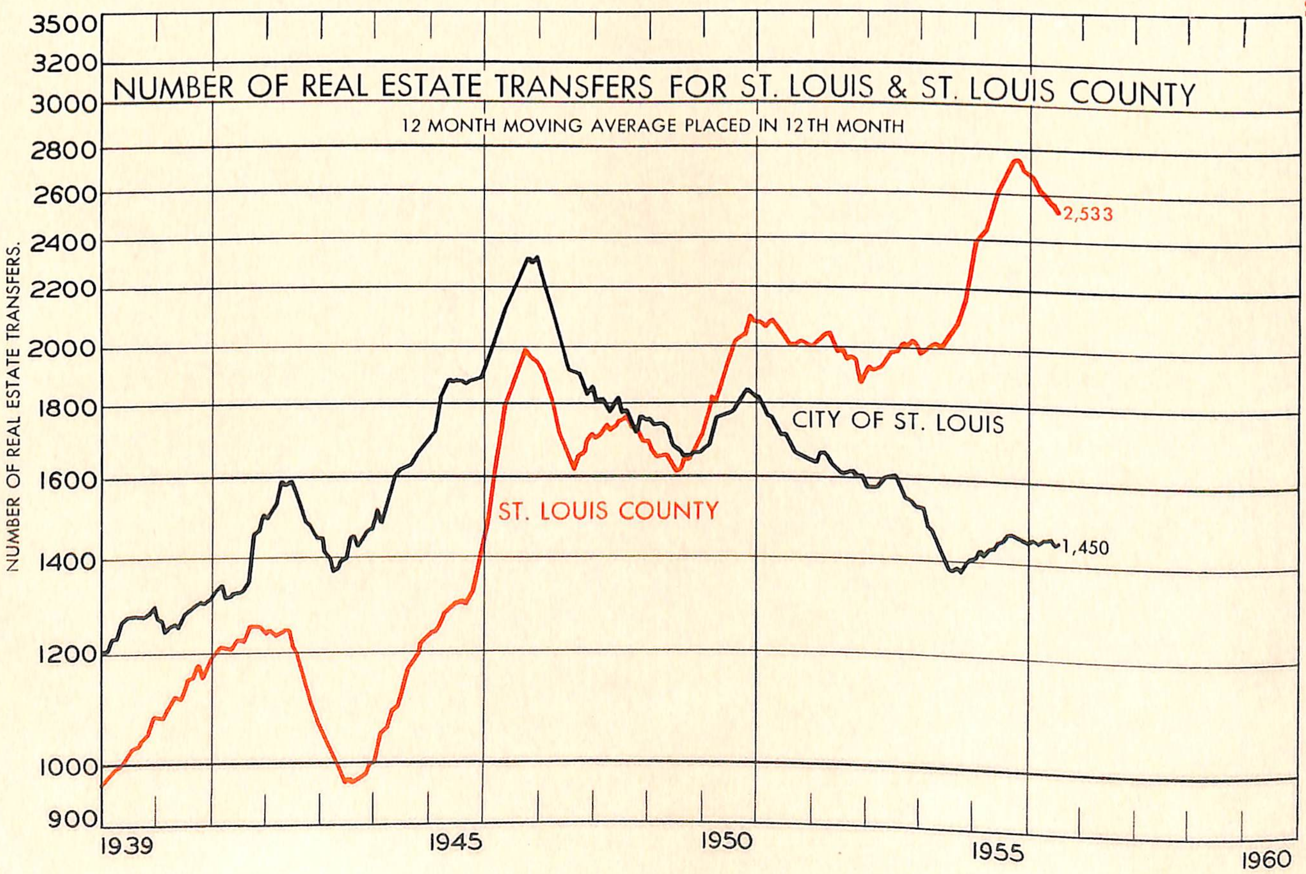
Real Estate and General Economic Trends

For the most part, this survey will consider specific factors as they affect the marketability of the cleared sites that will be made available for redevelopment in the Mill Creek Valley area. Included in the category of specific factors are such items as supply, demand, sales of comparable properties, locational features, shopping needs, traffic requirements, etc. While these factors have a predominant influence on the marketability of the proposed redevelopment sites, some consideration must also be given to the overall influence of real estate and economic trends.

Quite obviously sites in the proposed redevelopment project, whether commercial or residential, will be difficult to market if the general economic picture is adverse. It would be of little value to dwell on this point at any length in view of the fact that economic conditions are reasonably favorable at the present time and, in view of the avowed policy of the Federal Government - a policy supported by both political parties - will probably continue to remain favorable during the period that the Mill Creek project area is redeveloped. Further, it would be quite difficult to assess the effect on marketability of any change in economic conditions, even if such a change could be rightly forecast. Consequently, it must be assumed for the purpose of this report that the economic climate will remain about as it is at present over the ensuing 2- or 3-year period necessary to redevelop the Mill Creek Valley.

In the case of real estate and mortgage activity a more direct bearing of the overall picture on marketability of the proposed sites can be assumed. As long as properties move with a reasonable degree of freedom in the national market place, it is safe to say that minimum difficulty should be experienced in disposing of the proposed sites assuming, of course, that the restrictions are reasonable and the prices not excessive. The chart on the following page shows the national index of real estate activity, that is the rate at which warranty deeds are being filed in the court houses of large metropolitan counties located throughout the country. This index, which has been named real estate activity, includes a correction for population growth and long-term trend.


NATIONAL REAL ESTATE ACTIVITY
© by ROY WENZLICK & CO., 1956
WORLD WAR II U.S.A.
BUILDING COSTS SIX - ROOM FRAME HOUSE BUILT IN ST. LOUIS
$17,706
RESIDENTIAL RENTS 1921 - 1938 - 100
MORTGAGE ACTIVITY
REAL ESTATE ACTIVITY
NO. NEW DWELLING UNITS BUILT PER YEAR PER 10,000 FAMILIES (NONFARM)
REAL ESTATE ACTIVITY NUMBER VOLUNTARY TRANSFERS
FORECLOSURES PER 100,000 FAMILIES
REAL ESTATE ACTIVITY
NORMAL
120.6
142.3
+8.6
27.3
5.1
RENTS
MORTGAGES
DW. UNITS
BLDG. COSTS
FORECLOSURES


NUMBER OF REAL ESTATE TRANSFERS FOR ST. LOUIS & ST. LOUIS COUNTY
12 MONTH MOVING AVERAGE PLACED IN 12 TH MONTH
NUMBER OF REAL ESTATE TRANSFERS.
CITY OF ST. LOUIS
ST. LOUIS COUNTY
2,533
1,450
1939
1945
1950
1955
1960

IV

HOUSING

Market Area for Mill Creek Housing

When undertaking a market analysis for a particular housing development, it is first necessary to define the market area which affects the proposed development. To a certain extent, the housing picture for the entire St. Louis Metropolitan Area has a bearing upon the redevelopment plans for any sizable part of it. More specifically, however, the market area will be defined by the supply of and demand for housing in this location. When we speak of supply, we must consider the quantity and quality of the dwelling units in the market area. When we speak of demand, we must consider not only the desire for the new units created, but also the potential families with this desire and with the necessary income to pay the rents or to purchase.

For the purposes of this survey, we have considered that the primary market for housing for the Mill Creek Valley is the entire central section of the city which includes all of the city's slum areas and a good part of its blighted areas. Since the proposed redevelopment will be particularly attractive for continued Negro occupancy, we have included for estimating demand other areas of the city with predominant Negro population.

Numerous studies have been prepared by the City Plan Commission over the years which illustrate the substandard character of the vast majority of the housing units in the primary market area which we have assumed for the Mill Creek Valley. There is no question but that thousands of these dwelling units are dilapidated, with inadequate plumbing, inadequate heating, and some without running water. Some day, not too far in the future we hope, nearly all of these structures will be replaced. On the surface, all of the families occupying these units appear to be logical occupants for new housing. There are many limiting factors to consider, however. One of these is the natural desire of families from this area to migrate into better areas. Another is that many of these families cannot afford better private housing and are moving into public housing.

This section of the report will be concerned with the supply of and demand for housing in the market area around and including the Mill Creek Valley, in order to determine the feasibility for proceeding with that portion of the redevelopment plan which contemplates new private housing.

Existing Housing Supply

A point of beginning in the preparation of a housing market analysis is a look at the present housing supply. A few years back an acute housing shortage existed. However, with the recent building boom, which was discussed in an earlier section, this shortage apparently has disappeared insofar as quantity of housing is concerned.

However, when we look at the quality and price of our present housing supply, we can definitely see a shortage of acceptable dwelling units at a price which can be afforded by those families living in substandard houses. There is a great need for better housing among the lower income families. Their present rents keep tens of thousands of dilapidated or obsolete units as a part of our total housing supply. For those families with middle or above average incomes, there are many units available for sale or for rent. An important factor is that it has been cheaper frequently to own than to rent comparable space. Monthly payments on mortgages have become more attractive than rents for thousands of families.

The census survey made in May 1955 in this area showed that private projects with one hundred or more rental units had 3.3% vacancy. We believe this percentage is a little high, if all standard rental housing is considered. We would estimate a vacancy between $2\frac{1}{2}$ and 3% in rental units at the present time. Naturally, greater vacancy will be found in the higher priced units and in many substandard and converted units.

Aside from FHA 608 projects and public housing, there has been virtually no multiple dwelling construction in the St. Louis area. Following is a list of some of the more recent projects and the rents being obtained:

CANTERBURY GARDENS: University City, St. Louis County

1-bedroom units	$ 85.50
2-bedroom units	95.00
3-bedroom units	111.50

Only water is furnished for these rents. Stoves can be rented for $1.50 per month and refrigerators for $2.50 per month. Heating cost averages $90 per year for 2-bedroom units, and from $115 to $120 per year for 3-bedroom units.

AUDUBON PARK: Brentwood, St. Louis County

1-bedroom units	$ 75.25-$81.25
2-bedroom units	87.75- 95.50
3-bedroom units	107.75

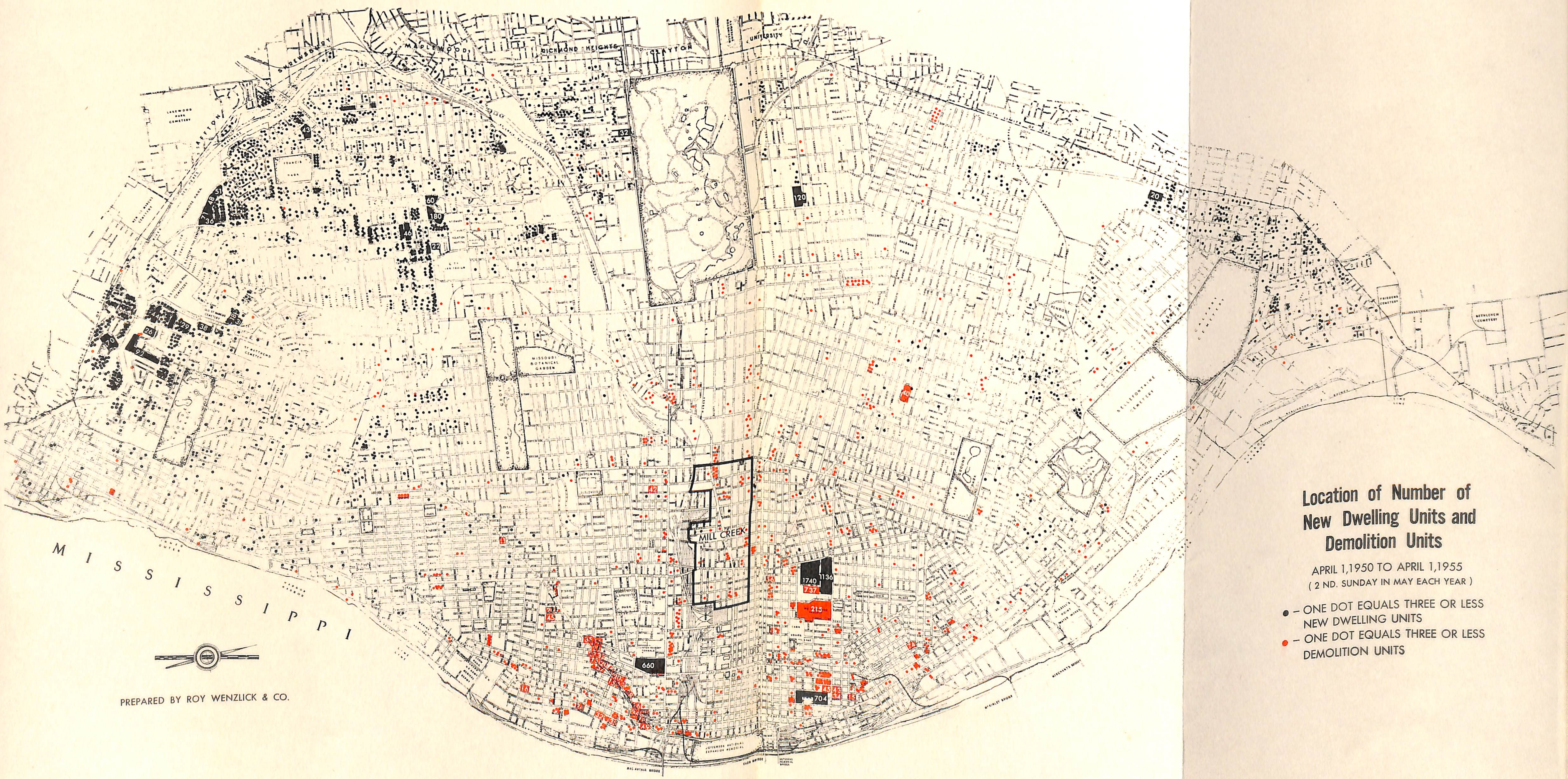
Stoves can be rented for $2 per month and refrigerators for $4 per month. Only water is furnished. Heating and utilities expenditures are extra and average between $11 and $14 per month.

HAMPTON GARDENS: Southwest St. Louis City

1-bedroom apartments	$ 88
2-bedroom apartments	108
3-bedroom apartments	None

These rents include heating, stove, refrigerator and hot water. Tenants pay only for cooking gas and electric.ity

Since we have assumed that the principal market for the Mill Creek housing will be found among the city's present population, we have made several investigations concerning the present supply of housing in the city. Of the 251,650 dwelling units that were reported occupied in 1950, approximately two-thirds were renter occupied. Since 1950, there has been considerable activity in both the construction of new dwelling units and the demolition of old units. The map on the following page shows the distribution of all dwelling units constructed and demolished between April 1950 and April 1955. It can be seen clearly that nearly all of the



Location of Number of New Dwelling Units and Demolition Units

APRIL 1,1950 TO APRIL 1,1955
(2 ND. SUNDAY IN MAY EACH YEAR)

● – ONE DOT EQUALS THREE OR LESS NEW DWELLING UNITS
● – ONE DOT EQUALS THREE OR LESS DEMOLITION UNITS

you realize that the city has almost twice as many families as does the county.

In summary, the present market can be termed as fair. Economic conditions and the real estate activity picture are favorable. The mortgage situation, however, is rather unfavorable. The large demand for centrally located industrial and commercial sites will probably overrule all other conditions, and these sites should be readily marketable. The picture with regard to housing development, however, is cloudy, and the marketability at the time of development will depend largely on what has happened in the mortgage money field in the meantime.

It will be noted that a peak was reached in 1946 as the pressure of returning servicemen caused a very high volume of sales in relation to the family units extant at that time. After almost crossing the normal line in 1949, activity has fluctuated around the +10 line since that time. The current situation is comprised of a downtrend in activity, an expected development in view of the tightness in the money market, and resultant decrease in new residential construction. It is safe to assume, however, that as long as the trend line remains at or above normal, the market climate will be satisfactory for the disposal of the proposed Mill Creek sites.

An extremely important factor in the marketability of real estate of any kind is the matter of the availability of mortgage funds. Congress in the law of 1954 took cognizance of the need of special mortgage assistance in the urban redevelopment program by setting up section 220 in the FHA insurance plan. This attempt to assist in urban redevelopment has been further buttressed by an automatic commitment from the Federal National Mortgage Association for all approved 220 commitments. In spite of this fact, the scarcity of funds which characterizes the present mortgage market may have a profound effect on the ability of prospective developers to carry the projects through to completion. This is particularly true in the residential sector. The index of mortgage activity which has been superimposed on the real estate activity chart gives a fair picture of current developments in this area.

In an effort to picture the relative position of St. Louis and St. Louis County, real estate activity for each of these areas has been shown on a single chart. This chart shows that while the move toward the suburbs has been under way for years, it has become particularly vigorous since 1950. As late as 1946, the number of real estate sales in the City of St. Louis was comfortably ahead of the number of sales in the county. Shortly after that the sales volume in St. Louis County began to move ahead of that in the city. In the last 2 or 3 years the county sales have been in a steep climb, while those in the city have trended steadily downward. These trends have been reversed slightly during the past year. However, the difference in the 1956 sales volume is quite startling when

new construction has been in the extreme southwest and northwest sections of the city, while nearly all of the demolitions have been in the old central section of the city. During this 5-year period there were 12, 417 dwelling units constructed and 4,637 dwelling units demolished. During the past year between April 1955 and April 1956 there were 986 new units constructed, while 1, 340 units were demolished. During the 5-year period 4, 232 units, or 34%, were in public housing projects. Except for these public housing units, there has been very little added to the housing supply in the older sections of the city where most of the rental units are located.

Since the 1950 census, many of the small rental units - bungalows, two-family flats, four-family flats, and duplexes - have been sold and are partially or entirely owner occupied. As seen, most of the demolition which has taken place in the city has been in the rental areas. We feel sure that when the next housing census is taken, there will be considerably fewer rental units found in the city.

The City Plan Commission housing report, published in 1953, summarized the housing conditions found throughout the city in the 1950 census. The various items of deficiencies were weighted and applied to the various census tracts. As a result of this study, a 28-tract central area was outlined as the area with the worst housing conditions in St. Louis. A copy of this map is shown on the following page. On it we have superimposed the Mill Creek Valley project area to show that it is the central part of the worst housing in St. Louis. In this area are living 54. 4% of the city's nonwhite population. In this area were located 34% of the renter-occupied units in 1950.

Since 1950, the total population in this area has declined from 240, 334 to a recent 1956 estimate by the census of 219, 100. In 1950 the census reported that there were 4, 930 married couples living in this area without their own households. There is no question but that the quality and overcrowding of housing in this area has created the greatest need in the city for new housing.

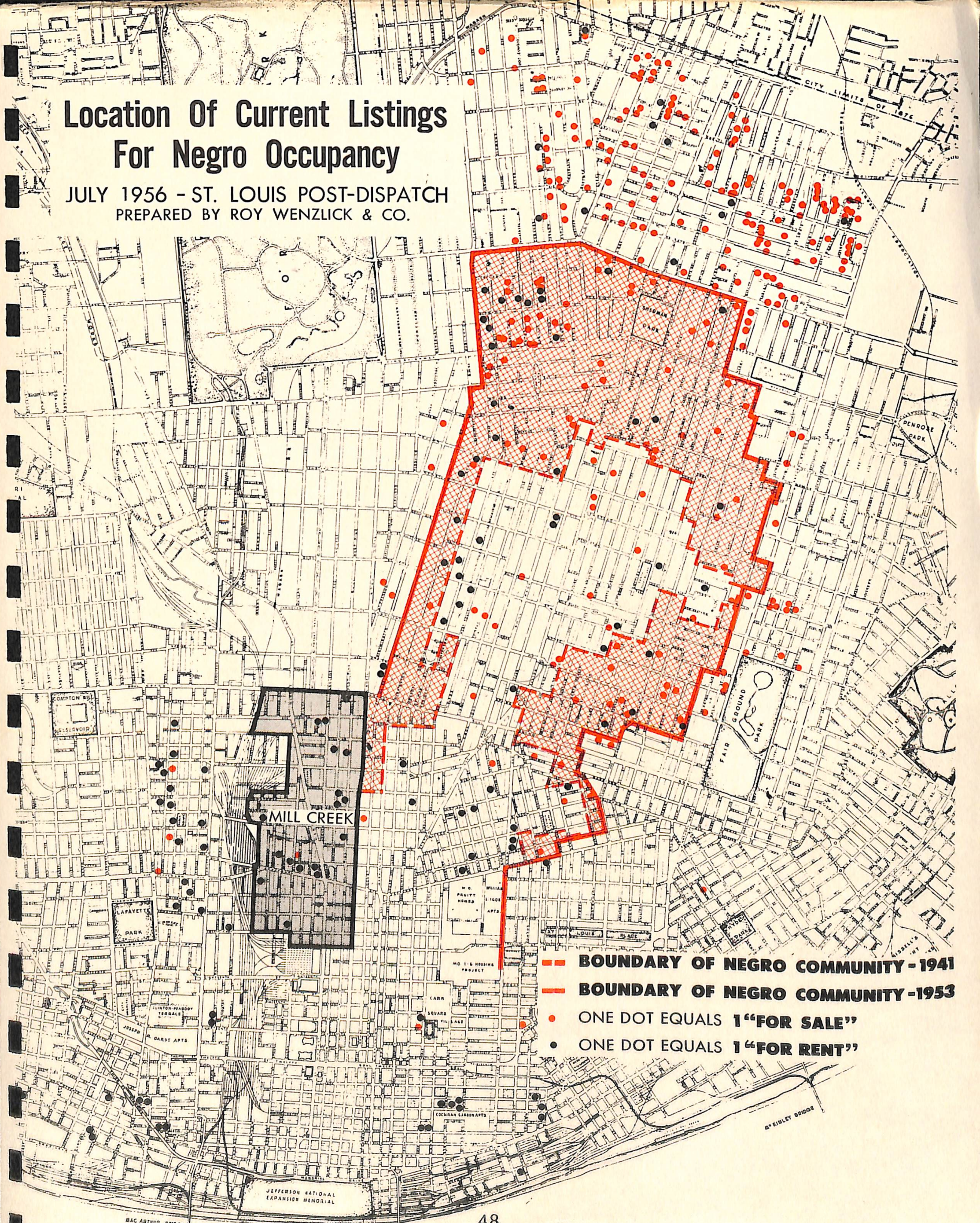
In the St. Louis standard metropolitan area in 1950 there were 38, 835

dwelling units classified as dilapidated. Over 24,000 of these were located in the City of St. Louis, with 22,000 being renter-occupied units. This staggering housing deficiency indicates a strong need for replacement housing.

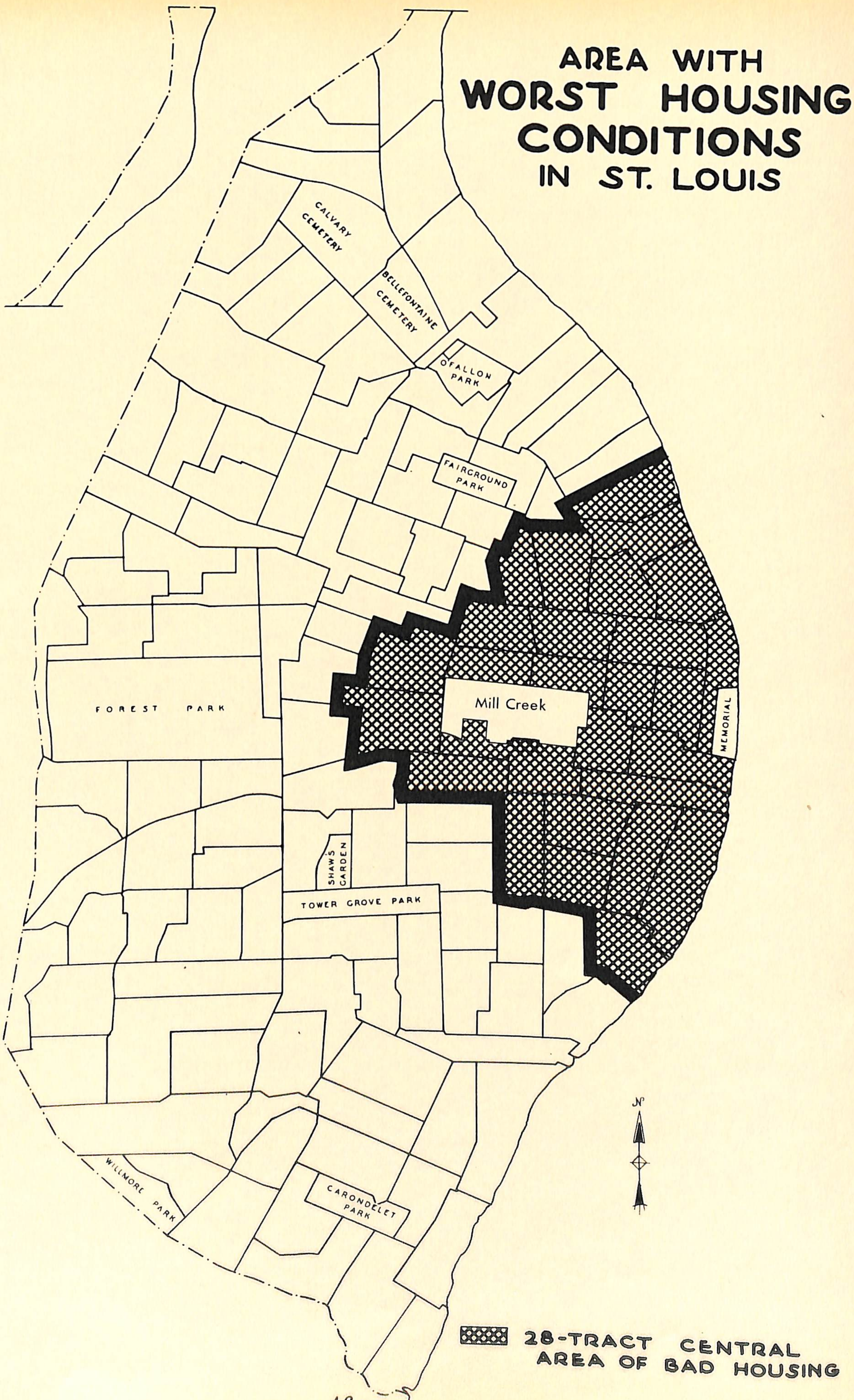
For the most part the Negro housing situation in St. Louis is far from satisfactory. The rapid increase in the Negro population, plus the fact that to a large extent this population is housed in substandard units, means that these Negro families are the most logical prospects for better housing. There have been practically no new housing units built recently for nonwhites in the St. Louis area other than public housing. Because of this very rapid rate of increase in nonwhite population, we studied the new areas of Negro occupancy. In order to see what housing is available today for Negro families, we have carefully analyzed the current real estate want ad listings. The St. Louis Post-Dispatch lists separately real estate for sale and for rent to Negroes. The map on the following page shows the distribution of all properties offered for sale or for rent to Negro families at the present time. Naturally, not all of the space which is for sale or for rent is advertised. However, we believe the distribution shown is certainly indicative of the quantity and quality of available housing.

It will be noticed that the greatest area of activity in real estate available for sale is in the western section of the city. The units offered for rent are a good bit more scattered. We have superimposed on this map the boundaries of the Negro community in 1941 and in 1953 as determined by school enrollment figures. The area between these boundaries has been almost completely absorbed by the Negro population during that 12-year period. In the last 3 years there has been a rapid absorption of the area west of Union to the city limits between Delmar and Page. This large area now in transition from white to Negro occupancy has greatly relieved the shortage of housing in the older areas. We feel that this newer area which is being occupied by Negro families is the area which offers the greatest competition for the new housing in the Mill Creek Valley.

Our analysis of the rentals shows that the average rent being asked



Location Of Current Listings
For Negro Occupancy
JULY 1956 - ST. LOUIS POST-DISPATCH
PREPARED BY ROY WENZLICK & CO.
MILL CREEK
FAIR GROUND PARK
LAFAYETTE PARK
JEFFERSON NATIONAL EXPANSION MEMORIAL
MAC ARTHUR BRIDGE
EADS BRIDGE
McKINLEY BRIDGE
BOUNDARY OF NEGRO COMMUNITY - 1941
BOUNDARY OF NEGRO COMMUNITY - 1953
ONE DOT EQUALS 1 "FOR SALE"
ONE DOT EQUALS 1 "FOR RENT"


AREA WITH
WORST HOUSING
CONDITIONS
IN ST. LOUIS
CALVARY CEMETERY
BELLEFONTAINE CEMETERY
O'FALLON PARK
FAIRGROUND PARK
FOREST PARK
Mill Creek
MEMORIAL
SHAW'S GARDEN
TOWER GROVE PARK
WILLMORE PARK
CARONDELET PARK
N
28-TRACT CENTRAL
AREA OF BAD HOUSING

Selected
Advertised Rentals
July 1956

ENRIGHT, 4225; 1-bedroom apartment; heat, hot water furnished; Adults; $54.00,
MERCANTILE TRUST CO.
Real Estate Dept. CE 1-3500 (*)

BLACKSTONE, 1453A; 3 rooms, private bath; $50. Adults. PA 7-5799.

ASHLAND, 5629A; 3 rooms, bath, adults, $55; owner. UN 8-6949. (*)

3 ROOMS AND BATH
6045 Suburban; clean flat, good location; $55. MA 1-7255; WY 2-0793. (*)

4 ROOMS AND BATH
1357A Shawmut; nice flat automatic hot water furnace; $65. MA 1-7255. VO 3-4279.

4100 ENRIGHT APTS.
Large 3-room efficiencies, newly decorated, modern kitchen and baths, utilities included in low rent; $50 and $55 per month. See manager. JE 1-1405 (*)

OPEN—UNFURNISHED
1967A Burd; 3 rooms, bath; automatic heat; newly decorated; $59.50. PA 7-6278. (*)

WASHINGTON, 4271; 3-room efficiency; No. 402; heat, hot water, $55. Larner Diener. CE 1-2965. (*)

CATES, 5098; 3 rooms, bath; unfurnished; $65; utilities furnished. (*)

PAGE, 5420; 5 rooms, duplex, $85; open. (*)

ACADEMY, 728; 6 rooms, bath; $75.
LOUIS T. KOHN R.E. GA1-2262 (*)

EDWIN APARTMENTS
529 N. WHITTIER; 3-room efficiency, complete with modern Pullman kitchen and bath; floor covering, utilities included in rent of $57.50. Open. CE 1-1395. (*)

WASHINGTON, 3959; unfurnished 6 rooms and bath, $62.50. VO 3-1111. (*)

KENNERLY, 4279A; 3 rooms, bath, heat, furnished, $55. CH 1-5955. (*)

BEDUC, 4733; unusual flat; tile bath and kitchen; 2 bedrooms; $80. Open. EV 2-2177. (*)

WASHINGTON, 4432; beautiful 2-room apartment; heat, hot water, gas, electric, janitor service furnished, stove, refrigerator, private bath; $65 month.
SACHAR Rlty. MA 1-4147

for units advertised for Negro occupancy is between $10 and $11 per room. However, if we eliminated those substandard units which are being offered, we found that the average asking rental was between $14 and $15 per room. On page 50 are a few of the ads which we have selected to illustrate the type of space and rent which will be in competition with new housing in the Mill Creek Valley. Most of the for sale ads did not quote an asking price for the property. Instead, a down payment figure was shown and we assume that the monthly payments on first, second, and even third deeds of trust are very high for purchasers of these properties. (See section on financing.)

Public Housing Plans

Since the first public housing units were completed in 1942, great strides have been taken in St. Louis toward the elimination of large substandard areas and the construction of low-rent dwelling units in the market area. Except for isolated instances, the only new residential construction in many decades which has taken place in the trade area has been public housing. The present available public housing units, those units under construction and those units still in the planning stage constitute by far the greatest change which is taking place in the housing supply of the central area. It is accepted by many that in order to rid our cities of their poorest slum conditions, it is necessary to provide large quantities of subsidized housing for those families with low incomes that cannot afford standard private housing. This means, in effect, that when a slum area is cleared, some of its families with low incomes that would be displaced can find adequate housing at a rental they can afford without the necessity of migrating into other already substandard areas.

In one sense, public housing units are the greatest competition for redevelopment housing in older sections of the cities. In spite of the fact that many public housing families could not afford new privately developed housing, the removal of these families from the private housing market means that there are many more older private housing units available as competition for any new private units. By removing the poorest housing units in the city and their occupants from the market, we have in effect placed the next poorest group of units at the bottom of the housing supply.

Public housing, therefore, can only have an adverse effect on private housing.

For this reason we show on the following page the overall public housing picture in St. Louis. At the present time there are 6,207 public housing units available or under construction and soon to be available. In addition, there will be another 1,238 units completed late in 1958 or early in 1959. Still in the planning stage are an additional 1,764 units with no completion date determined at this time. At this writing, public housing units are being filled with a net gain of approximately 100 families per month. In the first 6 months of 1956, 980 new families were accommodated, while 425 moved out. There are 216 vacant dwelling units in the existing public housing structures and a vacancy rate of 6% in the two older projects. These vacancies will probably be absorbed without any difficulty. We believe it is significant to point out that the recent trend is toward a large percentage of Negro occupancy. This is natural, due to the fact that the Negro population proportionately has a much larger percentage of low income families than do the whites. We were informed that the annual turnover in public housing units of the white families is roughly 30%, while the turnover for the Negro families is the very low figure of 12%.

To understand the degree of competition which public housing affords for private housing, it must be remembered that in public housing, rentals for new dwelling units include heat, electricity, gas for cooking, hot and cold running water. Also, rents include an electric refrigerator, gas range, built-in cabinets and, of course, all of the benefits which result from well-designed new construction. Admission requirements for public housing are based on the size of the family and its income. On page 53 is an excerpt from the public housing authority's most recent schedule on admissions and continued occupancy limits. There are very few rentals over \$50 per month in public housing units and the average is probably somewhere between \$35 and \$40 per month. For the purpose of estimating effective demand, we are safe in assuming that all families, regardless of size, with incomes less than \$3,000 per year can be excluded from the potential demand for new housing in the Mill Creek Valley. Public housing is available to most of them and new private housing is out of their reach.

ST. LOUIS HOUSING AUTHORITY OVERALL PROJECT FACT SHEET

NAME OF PROJECT	LOCATION	#D.U.	SITE AREA IN ACRES	PROJECT COST	NO. AND TYPE OF BLDGS.	COMPLETION
Carr Square Village MO-1-1	18th, Biddle, 16th, O'Fallon, 15th and Cole Streets	658	24.30	$ 3,635,000	53-2 & 3 story Row Houses and Admin. Bldg.	August 10, 1942
Clinton Peabody Terrace MO-1-2	Chouteau Ave., Grattan, Park Ave. and 14th St.	657	27.49	3,580,000	53-2 & 3 story Row Houses and Admin. Bldg.	July 1, 1942
John J. Cochran Garden Apts. MO-1-3	9th St., alley south of Cass Ave., 7th Street and Carr Street	704	18.03	9,200,000	4-12 story, 2 7 story and 6 6 story bldgs.	April 1, 1953
Capt. Wendell Oliver Pruitt Homes - MO-1-4	Jefferson Ave., Dickson St., 21st St. and alley south of Biddle Street	1736	34.50	21,560,000	20-11 story bldgs.	July 1, 1955
William L. Igoe Apts. MO-1-5	Cass Ave., 21st Street, Dickson and Jefferson Ave.	1132	25.03	14,500,000	13-11 story bldgs.	December, 1956
Un-named Project MO-1-6	Cass Ave., Hogan Street 18th St., Carr and 20th	1320*	27.20	17,575,000	8-9 story bldgs.	December, 1957
Joseph M. Darst Apartments MO-1-7	Chouteau Ave., 12th Blvd. Lafayette Ave. and 14th St.	1238*	25.07	16,987,000	6-9 story & 1-12 story	October, 1957
MO-1-8	--	300	-	3,977,000	-	-
MO-1-9	Warne, Lincoln, Vandeventer Ave. and North Market St.	398	16.95	5,966,000	18-2 Story bldgs. 2-9 Story bldgs.	(Planning Stage)
MO-1-10	Kennerly, Lambdin, Ashland and Newstead Ave.	834	43.16	12,506,000	56-2 & 3 story & 2 - 9 story	(Planning Stage)
MO-1-12	Cardinal Ave., alley south of Park Ave., Montrose Ave. Caroline, Ewing & Rutger	242	7.10	3,444,000	6-2 story bldgs. 3-9 story bldgs.	" "
	TOTALS................	9,219	248.83	$ 112,930,000		

* 1st. phase each project has 660 units nearing completion

ADMISSION AND CONTINUED OCCUPANCY LIMITS

EFFECTIVE JULY 1, 1956

ST. LOUIS HOUSING AUTHORITY			ALL PROJECTS
Family Size	2 Persons	3 or 4 Persons	5 or More Persons
Admission Limit	$3,000	$3,300	$3,700
Continued Occupancy Limit	3,750	4,100	4,600

For the sole purpose of determining eligibility for admission, a $100 exemption will be allowed for each minor dependent. No other exemptions will be made except disability payments for service connected disability when paid by the U. S. Government, which is also exempted for Continued Occupancy. For the sole purpose of determining eligibility for Continued Occupancy, a $100 exemption will be allowed for each minor dependent, or an amount equal to all of the income of such minor less any deduction which were taken into account in determining the net family income, whichever is greater. No head of a family or his wife or her husband shall be considered as being a minor even though they are under twenty-one years of age.

SCHEDULE OF RENTS

Gross and Contract Rent	0 Minor Dependents	1-2 Minor Dependents	3 or More Minor Dependents
27	Up to - 1485	Up to - 1620	Up to - 1755
28	1486 - 1540	1621 - 1680	1756 - 1820
29	1541 - 1595	1681 - 1740	1821 - 1885
30	1596 - 1650	1741 - 1800	1886 - 1950
31	1651 - 1705	1801 - 1860	1951 - 2015
32	1706 - 1760	1861 - 1920	2016 - 2080
33	1761 - 1815	1921 - 1980	2081 - 2145
34	1816 - 1870	1981 - 2040	2146 - 2210
35	1871 - 1925	2041 - 2100	2211 - 2275
36	1926 - 1980	2101 - 2160	2276 - 2340
37	1981 - 2035	2161 - 2220	2341 - 2405
38	2036 - 2090	2221 - 2280	2406 - 2470
39	2091 - 2145	2281 - 2340	2471 - 2535
40	2146 - 2200	2341 - 2400	2536 - 2600
41	2201 - 2255	2401 - 2460	2601 - 2665
42	2256 - 2310	2461 - 2520	2666 - 2730
43	2311 - 2365	2521 - 2580	2731 - 2795
44	2366 - 2420	2581 - 2640	2796 - 2860
45	2421 - 2475	2641 - 2700	2861 - 2925
46	2476 - 2530	2701 - 2760	2926 - 2990
47	2531 - 2858	2761 - 2820	2991 - 3055
48	2586 - 2640	2821 - 2880	3056 - 3120
49	2641 - 2695	2881 - 2940	3121 - 3185
50	2696 - 2750	2941 - 3000	3186 - 3250

Urban Redevelopment Plans

In our opinion, the greatest hope for the older residential sections of our cities is through urban redevelopment as authorized by the Federal, State, and local governments. This tool of land clearance permits the rebuilding of vast areas with private capital aided by the elimination of high land assemblage costs and certain features of tax relief. The aims and provisions of Title I of the Federal housing law were discussed briefly in section I.

In St. Louis, the first urban redevelopment area to be acquired and cleared is located between 14th and 18th Streets, Market and Olive Streets. Very few dwelling units were lost in this area and 1,100 new units are planned in elevator apartment buildings. This particular project will appeal to middle and higher income families without children, desiring to live close to the downtown business district. In our opinion, these 1,100 units will not be in competition with the housing plans for the Mill Creek Valley, except indirectly as an addition to the total metropolitan area housing supply.

The second urban redevelopment plan is the Mill Creek Valley area, which is the subject of this report.

The third urban redevelopment area is known as the Kosciusko area, which lies south of the downtown district and extends in a long strip between Third and Seventh generally. This area is planned for industrial redevelopment. While there may be some housing included in the Kosciusko project, under the present development timetable it is doubtful that the housing portion would have any effect on supply of and demand for housing in the Mill Creek Valley.

There are several other urban redevelopment projects in the early stages of planning. While some of these are quite large in scope, their actual development if carried forward would be many years in the future. It might be said in summary that urban redevelopment, taken as a whole, will have very little effect on the supply of and demand for housing in the Mill Creek Valley other than those phases of the Mill Creek Valley project itself which have a bearing on the problem.

Rehabilitation Plans

As a major part of the city's effort to improve the housing situation, a Minimum Standards Housing Ordinance is being enforced. Three principal approaches are going forward: 1. protection of good areas through zoning; 2. land clearance of slums; and 3. rehabilitation of areas in between good housing and slums.

Minimum housing standards are concerned with the last of these by regulating the occupancy, facilities, and maintenance of present housing in the City of St. Louis. The following are the aims of this program:

> "Regarding occupancy, the ordinance specified the ceiling height of habitable rooms, the minimum room size, and the minimum floor area per person both for habitable rooms and for sleeping rooms. The use of basement dwelling units is prohibited unless they were occupied at the time of the passage of the Ordinance, and then only if they meet specific standards on ceiling height, area of windows, floor condition, and location of water closet.
>
> In reference to facilities, the Ordinance provides requirements governing sinks, water closets, ventilation, illumination, heat, dual egress, and requires the elimination of outside toilets.
>
> Relative to maintenance, the owner is required to keep every dwelling unit structurally sound and fit for human habitation. This stipulation applies to plumbing and plumbing fixtures, roofs, steps, floors, stairways, stairwells, doors, porches, windows, skylights, airshafts, mantels, chimneys, electric wiring and fixtures, sinks, toilets, interior and exterior walls and ceilings*."

*"Let's Look at Housing," St. Louis Housing Survey Report - City Plan Commission, Division of Building and Inspections, and Division of Health. August 1953.

While the ordinance has been applied in certain areas of the city, it is still too early to tell what its overall effect will be on the relationship between housing demand and supply. For example, in one light it will improve certain substandard neighborhoods, making them more attractive. Providing the necessary facilities will probably mean an increase in rent. The elimination of basement dwelling units will reduce total supply and add more families to the demand side. Also, the elimination of overcrowded units by limiting the minimum floor area per person will add to this demand. From all indications, there are several thousand dwelling units occupied by two or more families, some of which represent illegal crowding. There are also several thousand dwelling units in basements which do not conform. A strict application of the ordinance's provisions may bring about demolitions of certain structures which would be too costly to bring up to standards. It has been estimated by the City Plan Commission that the housing supply might be reduced by 500 units per year over the next 5 years through enforcement of this ordinance.

Families Displaced by Demolition

An important factor to consider in estimating demand for new housing is the volume of demolition which has been taking place and that which is anticipated in the near future. Not only is the existing supply of dwelling units reduced by these demolitions, but also the families which are displaced are certainly in the market for other dwelling units. We realize that perhaps only a small part of these displaced families will have the desire and financial ability to locate in the new Mill Creek Valley housing. Nevertheless, the fact that they are added to the demand side of the housing market is important.

Earlier in this report a dot map was exhibited showing the location of new residential constructions and demolitions. As was pointed out, most of the demolitions have taken place in proximity to the Mill Creek Valley. Over the past 6 years there have been approximately 1,000 dwelling units demolished each year. Some of these come from public improvements such as highways, and public housing. However, a very large part of them are the result of industrial and commercial expansion.

The following table was prepared by the Land Clearance Authority. It shows the estimates of future demolitions resulting from various causes.

Housing Displacement

	1956-57	1957-58	1958-59	1959-60	1960-61
Street improvements	110	280	175	-	80
Hospitals	45	90	-	-	-
Parks	-	-	-	-	150
Code enforcement	500	500	500	500	500
Expressways	700	700	700	700	700
Slum clearance	-	-	3200	3300	3200
Housing sites	-	200	400	600	600
Totals	1355	1770	4975	5100	5230
Grand Total					18,430

The largest item in this table occurs after 1957-58. This is the figure of some 3,200 units or more each year for slum clearance. Naturally, the success of the whole urban redevelopment program under Title I will govern the size of this figure. One item not contained in the table is an estimate for demolitions resulting from natural economic causes, either old age or industrial and commercial expansions. We believe that it is reasonable to assume that the total dwelling units demolished during the next 2 years will be a minimum of 3,000. We believe that, given a continuing enforcement of the Minimum Standards Housing Ordinance, this rate could be doubled to 3,000 per year during the following 3 years. In any event, housing supply will be depleted and housing demand will be increased, due to the substantial number of demolitions each year.

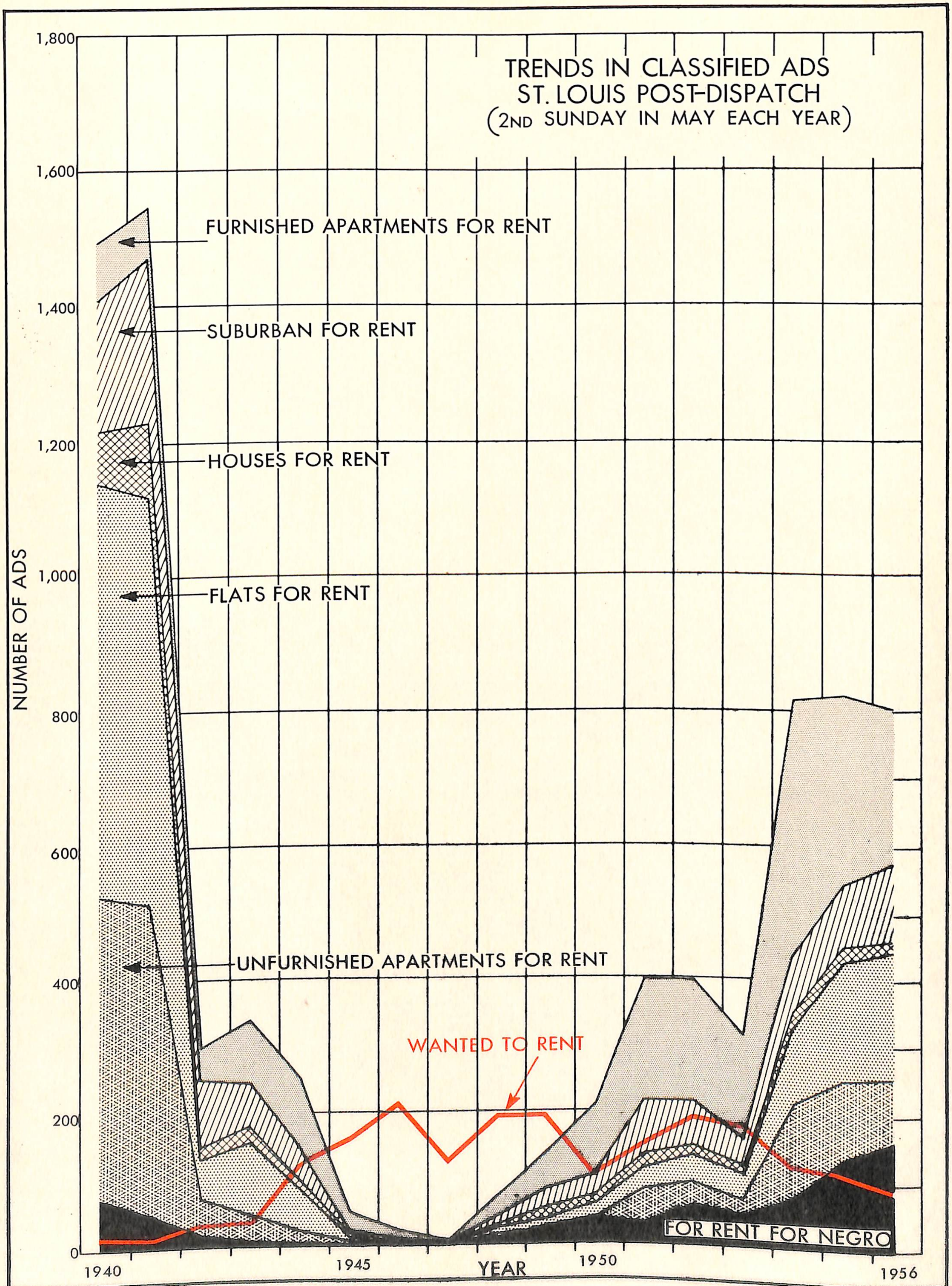
Competing Residential Housing

Virtually all of the present housing supply which will be in competition with new housing in the Mill Creek Valley, will be older structures at a considerable distance from the area being studied, as shown elsewhere in this section. There is practically no new housing available anywhere in the metropolitan area for Negro families (not including public housing, of course).

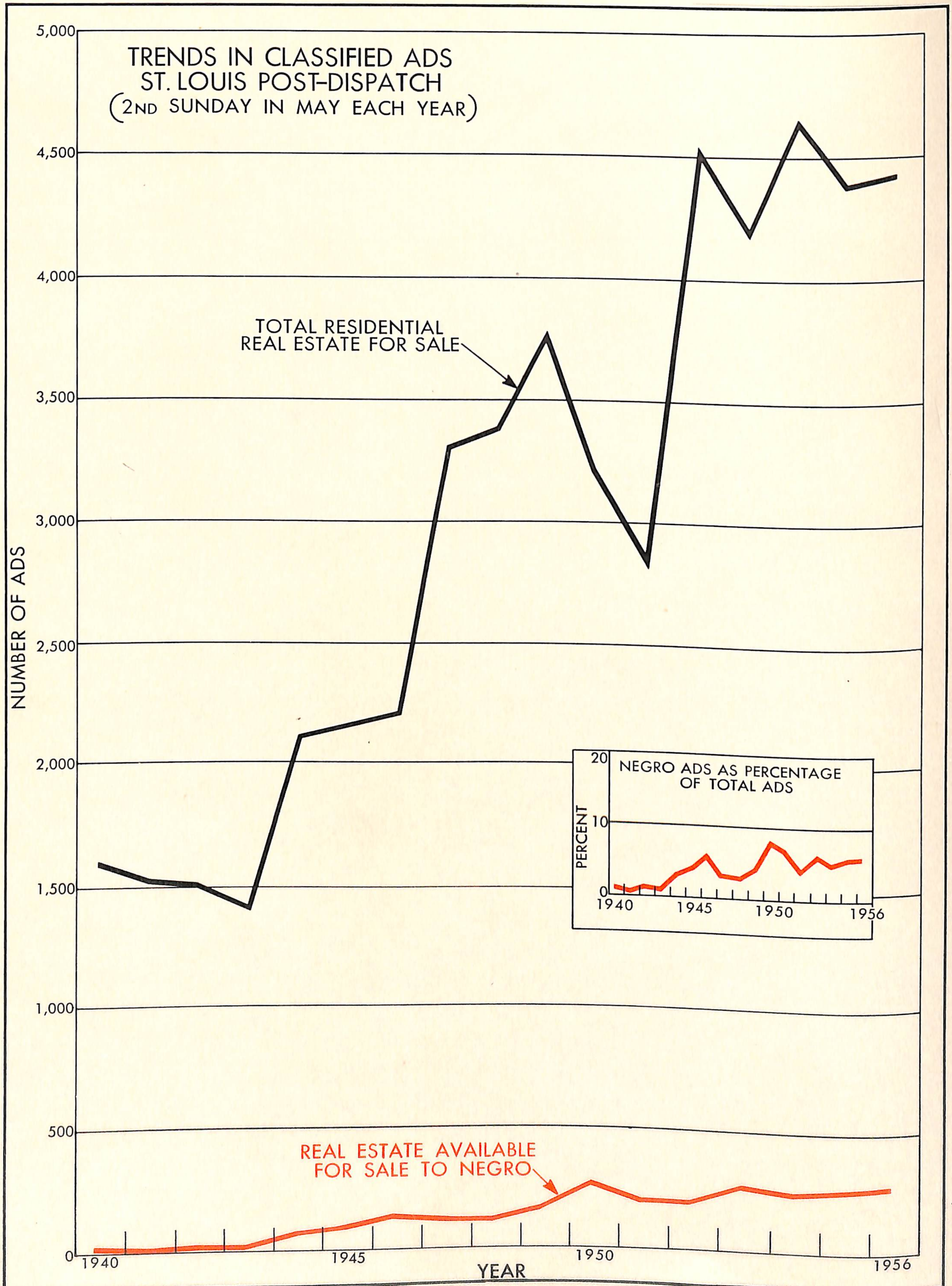
In our opinion, the remaining supply of tenements and blighted property will compete with the new Mill Creek housing only indirectly insofar as total housing supply is concerned. Families that can afford new housing either as owners or tenants are not interested in the large quantities of substandard housing surrounding the Mill Creek area. Our study shows that the properties which will be in active competition with the Mill Creek housing are those located primarily in the western section of the city, where there is considerable activity taking place as the result of the expanded Negro population.

One interesting study, which is an indication of demand for and supply of rental housing, is concerned with the trends in classified ads. The chart on the following page contains a breakdown of the space available for rent each year. This pattern is very similar to the charts which we have prepared for large numbers of cities throughout the country. Prior to the war, in 1940, there were over 1,500 "For rent" ads in St. Louis. The ads for Negro rentals totaled 75. "Wanted to rent" ads were only 19 in number. After the beginning of the war, available space disappeared very quickly, and total rentals of white and nonwhite virtually disappeared between 1942 and 1950, with a low spot occurring in 1947. "Wanted to rent" on the other hand was at a high level during this period, and has only recently begun to drop consistently. It will be noticed on the chart that advertised rentals for Negroes have been showing a sharp rate of increase in the past few years. This would certainly indicate that the critical shortage of housing for Negroes has disappeared. This statement deals with quantity, however, and not with the quality of housing.

Next we made a similar analysis of residential real estate for sale. The chart on page 60 contains an estimate of the total number of ads of residential property for sale and real estate for sale to Negroes. In both categories, white and Negro, there has been a very sharp increase in number of real estate ads. There are almost three times as many total ads now as there were in 1940. The small insert on this chart shows that the Negro ads have been increasing at a higher rate than the total ads. They have risen from 1% of the total ads in 1941 to almost 7% in 1956. This would indicate that more real estate is available now for



PREPARED BY ROY WENZLICK & CO.


TRENDS IN CLASSIFIED ADS
ST. LOUIS POST-DISPATCH
(2ND SUNDAY IN MAY EACH YEAR)
NUMBER OF ADS
5,000
4,500
4,000
3,500
3,000
2,500
2,000
1,500
1,000
500
0
TOTAL RESIDENTIAL REAL ESTATE FOR SALE
REAL ESTATE AVAILABLE FOR SALE TO NEGRO
NEGRO ADS AS PERCENTAGE OF TOTAL ADS
PERCENT
20
10
0
1940
1945
1950
1956
YEAR

Negro families who wish to purchase. Of course, this has been brought about by a combination of factors such as rising incomes, available financing, the fact that it is frequently cheaper to own than to rent, and perhaps the unwillingness of absentee owners to meet new minimum standards for tenants.

The map contained in an earlier section on page 48 shows the approximate location of the real estate currently being advertised for sale or for rent to Negro families. Analyzing the "For sale" ads we found that 103 ads were for flats, 112 were residences, 38 rooming houses, 6 apartments, and 16 additional ads could be either residences or rooming houses. Nearly all of these properties are offered with low down payments. We believe that virtually all of the purchases are made with at least two deeds of trust. We realize that this map does not show all of the properties which are available for sale or rent. However, we believe that it shows clearly that most of the sales are in the west end, while the "For rents" are more evenly distributed.

A closer examination of the advertised rentals reveals two distinct groups, those in the worst housing area in the city and those in the more acceptable districts. We found that the median rent per room among all of these ads was between $10 and $11 per month. However, if we eliminated the advertised rentals in the slum area, this median jumped to $14 to $15 per month. On page 50 are shown a few of the apartments being advertised with high rents which would be in close competition with the Mill Creek Valley rentals.

Owner Occupancy Among Nonwhite Families

The 1950 census recorded a total of 7,284 dwelling units occupied by nonwhite owners. This figure is about 18% of all nonwhite occupied dwelling units as of 1950. Since that time there is considerable evidence that this figure has increased appreciably. In other sections of this report we have analyzed both the increased volume of real estate for sale to Negroes and also the areas of the city in which this activity is taking place. However, the increase in Negro ownership is not limited

to the areas into which they are expanding.

In making our appraisals on all of the existing properties in the Mill Creek Valley, we found 640 structures which were occupied in whole or in part by Negro owners. In this same area in 1950, according to the census, there were only 499 dwelling units owner occupied. This is an increase of 28% for a 5-year period.

Most of the newly acquired owner-occupied units in the Mill Creek Valley were of the single-family, 2-family, row unit, or rooming house type. Nearly all of them were only partially occupied by the owner. These owners are able to meet their mortgage payments with the help of rents obtained for rooms or apartments in the structure.

We thought it would be significant to know the length of ownership for these owner-occupied structures. In analyzing this information from our appraisals, we excluded the years 1955 and 1956, since considerable publicity had been given to the proposed redevelopment of this area. We found that approximately 30% of the owner-occupied units had been owned for between 2 and 5 years. We found that the largest number, approximately 50%, had been owned for a period of 6 to 10 years, which means that they had been purchased in the 5-year period immediately following the end of World War II. Twelve percent of the families had owned their property for between 11 and 20 years. Lastly, we found 26 owners, or 4%, who had occupied their property for 20 years or more.

Many of these 640 owner-residents of the Mill Creek Valley can be considered as logical prospects for new housing in the Mill Creek area. Undoubtedly, many of these families who have owned their homes for at least 5 years will receive an equity large enough to use as down payment on another property. If any of the new construction in the Mill Creek Valley will be offered for sale, we believe the greatest source of potential demand for single- and two-family units will come from the present owner-occupants of the Mill Creek Valley.

Financing

Available financing is another important factor in the feasibility of undertaking the redevelopment of the Mill Creek project area. Prospective developers will be interested in the area's commercial and industrial redevelopment if the market shows the need for this expansion. Favorable tax features and the ability of companies to arrange financing in order to pay a fair market price should smooth the way for this part of the redevelopment program.

New housing, however, is somewhat more indefinite because the consumer's demand is more of an uncertainty and competition from present housing supply is a bigger factor. To encourage private housing redevelopment the National Housing Act and its amendments provide special assistance through insurance of mortgages for these urban renewal efforts.

Section 220 of this act was introduced in the 1954 amendments to assist the financing required for the construction of new dwelling accommodations located in slum clearance and urban redevelopment projects. Several attractive "maximums" are included: 30 years maturity, insurance on loans up to 95% of value, builder's profit to 10% included in costs, per room cost of $2, 250 and $2, 700, with as much as $1, 000 per room added to these figures in high-cost areas. These and other features of this act in our opinion should attract required capital for residential construction.

In addition, the 1956 amendment authorizes the Federal National Mortgage Association to make standby advance commitments directly to builders if local financing is not available. These section 220 mortgages could be purchased at 99 for a period of 1 year by this agency. If the Federal Housing Authority approves the redevelopment plan for housing as qualifying under section 220, it can be assumed that attractive financing will be available for residential development of the area as contemplated.

It is to be hoped that the entire 220 program will be expedited in the future. A subcommittee report on the 1956 amendments stated: "that slowness in the 220 program resulted from a 'negative attitude' by Government officials; 'burdensome red tape'; and an 'overly cautious and timid' attitude. . . it is our hope that this report, by highlighting the administrative problems and by suggesting and recommending more workable policies, can help restore a more positive and courageous philosophy."

It has been suggested that perhaps sufficient demand exists for individual ownership of single row-house units and duplex (two family) type structures. The St. Louis housing supply contains a large number of single and double flats with the owners occupying one unit and the other one or more units rented. In an earlier section of this report, attention was called to the rise of home ownership in general and specifically among the Negro families, since it has been assumed that Negro families will comprise the largest part of the potential market for housing in the project area. The study was undertaken of present financing available to Negroes in St. Louis.

Most of the Negro financing comes from conventional sources rather than through Government-insured loans. There are two reasons for this primarily. First, much of the real estate that is available for Negro families does not qualify for FHA and GI insurance. Secondly, in many cases the Negro families themselves do not meet the income qualifications in order to receive the insurance.

The following table shows the number of commitments of insurance issued to Negro purchasers under section 203 of the FHA:

COMMITMENTS OF INSURANCE ISSUED TO MINORITY GROUPS
BY ST. LOUIS OFFICE OF FHA
Under Section 203 ($7,000 to $30,000)

Year	Commitments of insurance issued	Amount of commitments of insurance	Number of institutions participating
1954	194	$ 905,000	20
1955	156	1,185,200	31
1956 (7 mos.)	94	555,650	19

The number of lending institutions which are available to Negroes has increased in the past few years due to the efforts of the FHA. Experiences have been very favorable. Since June 1953, the local FHA has never found it necessary to take back any Negro property.

The Voluntary Home Mortgage Credit Program was organized in order to assist minority groups to secure loans. This program acts as a clearing house through which large lenders, through local correspondents, can service those who cannot find a local market for their mortgages.

Most of the Negro financing for home purchase, however, is of the conventional type. Low down payments are required, with the remainder of the purchase price split between first and second mortgages. Sales prices are inflated by 10% to 25% over a cash purchase price. Monthly payments are forced quite high. Frequently the lender holding the second mortgage will reduce monthly payments on the principal so that only 40% to 60% is paid off during the 2-year term. Then the remainder takes the form of a "balloon note," payable at the end of the 2 years. Borrowers are then forced to seek refinancing, often at exorbitant rates. The total monthly payments on the first and second mortgages are unusually high. Following is a table showing several actual deals in this method of short-term financing:

TYPICAL SHORT-TERM FINANCING AVAILABLE TO NEGROES

Purchase price	Down payments	First deed ($5\frac{1}{2}$%)	Second deed (6%)	Monthly payments (1st 2 yrs.)	Balloon note	Monthly payments (2d 3 yrs.)
$ 6,500	$ 500	$3,000	$3,000	$ 78.75	$1,850	$ 97.08
8,850	1,000	4,500	3,350	112.38	1,625	145.63
9,750	1,500	1,500	3,250	114.17	1,600	161.81
11,500	695	5,500	5,500	177.70	2,625	177.98
12,500	2,000	6,000	4,500	175.00	1,625	194.17

NOTE: Monthly payments do not include taxes and insurance. First deeds have been computed at $5\frac{1}{2}$% for 5 years and second deeds at 6% for 2 years. Payments would be even higher in those cases where the second deeds are discounted.

To the buyer, who in many cases does not fully understand the system, payments would not seem difficult to make, especially if expected rental income can help with the payments. Of course, inability to meet these payments means foreclosure. The lender, in repossessing, has received past payments and again holds title to the property, which he may sell again in much the same way. Information regarding this situation is not readily available, but some sources estimate that up to 75% of houses financed in this way undergo foreclosure or forced sale.

The Mortgage Bankers Association of America has given considerable thought to the problem of financing minority housing. Its committee on financing minority housing has just recently made an annual report to the national organization, which report has been printed and released for public consumption. While the entire report is of interest, we feel that the following quotation taken therefrom is of particular significance with regard to the problem at hand:

> "The broad impression gained from these reports is that the basis for success for projects available to Negroes, whether for rent or sale, is much the same as that for housing developments generally. Where the housing has been well-located in reference to transportation and community facilities, has access to employment within a time considered reasonable in the particular area, has a well-planned site and is itself well-arranged and attractively designed, is priced and limited in numbers in relation to the market, and where occupants have been carefully screened for character and credit, the projects have without exception been successful. A frequent characteristic of the successful projects is nearness to the existing Negro community."

It has been pointed out that practically no new construction is being built for or purchased by Negro families. We believe that a relatively strong demand for ownership of new construction in the Mill Creek Valley will exist, especially with more attractive financing through FHA being available. As discussed in other sections, there is a strong trend toward home ownership, and also there is a good-sized nucleus of present owner-occupants in the project area to furnish impetus for this demand.

Survey of the Employees Within Walking Distance of Mill Creek Housing Area

A logical source of demand for new housing should be found among the employees who work in or near the Mill Creek Valley project area. An attractive brochure with a questionnaire was prepared depicting the type of residential neighborhood which it is hoped will be created under the redevelopment plan. A copy of this brochure will be found in the appendix. In it, an appeal was made to the employees to help St. Louis progress by filling out the questionnaire, whether they were interested in new housing in this area or not. It was emphasized that the site had a convenient location to their place of employment, that there would be a pleasant and well-planned development within walking distance, and that occupancy would not be restricted.

This brochure was distributed to approximately 4,400 employees within easy walking distance of the area. Large centers of employment included the Burroughs Corporation, the Christian Board of Publication, the Veterans Hospital, four large office buildings, St. Louis University, General Insurance Company of America, Pittsburgh Plate Glass Company, Falstaff Brewing Company, Minnesota Mining and Manufacturing Company, and scores of smaller offices and industries. All of these businesses cooperated by distributing the brochures among their employees with our return postal paid envelopes. St. Louis University furnished a complete mailing list of all of its employees (over 800), including faculty, and the brochures were mailed directly to their homes.

Altogether we have received only 286 questionnaires, which is less than 7% of the total distributed. Even the St. Louis University mailing list returned only 12.3% of those questionnaires which were sent to the individuals in their homes. It must be assumed, of course, that there was general lack of interest and apathy in regard to the survey. A similar type survey was made last year for the urban redevelopment project number 1, the Plaza Area. Employees returned approximately 13½% in this survey.

Of the total number of questionnaires received, 56 indicated "yes," 130 "no," and 100 "perhaps." Undoubtedly, there was a much larger percentage of those interested who returned forms than of those who were not interested.

Out of the 56 who replied "yes," 16 were eliminated because there was not sufficient family income indicated or because their interest was qualified to an extent that they were ineligible. For example, a large number said "yes" or "perhaps" if the project was restricted to white occupancy. Of the 100 who indicated "perhaps," 35 were eliminated because of either insufficient income or impossible limiting conditions. This left 40 unqualified "yeses" and 65 unqualified "perhaps," or a total of 105 out of the 286 total questionnaires returned.

It has been estimated that the total number of employees within a 2- or 3-block radius of the project area's residential section is approximately 13,000. Because of the time limitation, our survey of employees reached only one-third of this total. If a broad assumption is made that the same type response would be received from the other two-thirds of the employees, it would mean that only about 300 unqualified "yeses" and "perhaps" would be received. This does not mean that this is all of the employees who would be interested. It is simply the projected number of positive responses which would have been obtained through a 100% distribution. Also, it does not take into account the thousands of employees who work beyond walking distance from the residential site. For that matter, the residential section of the Mill Creek Valley should have considerable appeal for many downtown employees.

It is significant to note that there has been this favorable response from a number of close-by employees with sufficient incomes to afford new housing in this area. Following is a breakdown of the salary brackets included in the 105 responses considered:

$250-$350 a month - 22
350- 490 a month - 38
500- 650 a month - 18
Over $650 a month - 27

Next the questionnaires were summarized as to the type of space preferred by the "yeses" and "perhaps." They were given an opportunity to check three types of space. Following is a breakdown of the indicated preferences:

Efficiency apartments in elevator buildings	18
1- and 2-bedroom garden apartments . . .	32
2- and 3-bedroom duplexes and flats . . .	34
No choice indicated	21
Total	105

From this analysis the overwhelming preference was for 2- and 3-story type construction, with only 18 indicating preference for elevator apartments. Again this number is only an indication of a small sample of housing demand. However, it is significant to note that this type of building is less popular than the others among the workers in the area.

A large number of elevator apartment buildings are located a considerable distance to the west of the Mill Creek area. An attractive apartment district has been created through the years on Lindell and Kingshighway and adjoining streets. Another high-rise apartment district is to be created to the east in the project number 1 area known as the Plaza Redevelopment Site. One thousand one hundred units are planned, which is a sufficient number to create an apartment district. In our opinion, the Mill Creek site, lying between these two districts, does not lend itself to the creation of another elevator apartment district. It might be feasible to erect a limited number of elevator apartments close to Grand Avenue and the campus. However, it is felt that it would be unwise to plan at this time for as many as 504, the number which has been proposed, unless need for this type of development can be substantiated at a later date.

Survey of Nonwhite Housing in St. Louis

Perhaps the most difficult part of any housing market analysis is the question of estimating demand in terms of both desire and ability to purchase or rent. Since we have assumed that the bulk of the potential

prospects for the new Mill Creek housing will be Negro families, most of this section will be concerned with the Negro family incomes, rentals, and desires.

In 1950, the census was conducted in part on a 20% sample. The incomes reported at that time were 1949 incomes. Obviously since 7 years have passed, this information can help us in only a relative way. It must be remembered that in 1949 there was a slight business recession. Unemployment among the low-income families in the city was relatively high and, of course, rent control was still with us.

In St. Louis census tracts containing 98% of the nonwhite population of the city, the median income of nonwhite families and unrelated individuals was $1,555 for 1949. About 21% of these nonwhite spending units reported incomes of less than $500 per year. The pattern found in St. Louis in 1949 was very similar to the distribution of nonwhite incomes in all urban areas of the United States. The nonwhite median income for all urban areas was $1,661, as compared with $1,555 for St. Louis.

The median income of urban nonwhite families (with unrelated individuals excluded) was $2,084 in 1949. By 1953 this median income for all urban areas had risen to $2,962. The last reported figure (1954 incomes) is $2,876, a slight drop from the 1953 median income.

The distribution of nonwhite family incomes in all urban areas in 1954 was as follows:

FAMILY INCOMES, NONWHITE, ALL URBAN AREAS

Annual income	% of families	Annual income	% of families
Less than $500	9.9	$ 3,500-$3,999	7.8
$ 500-$ 999	11.8	4,000- 4,499	5.0
1,000- 1,499	11.2	4,500- 4,999	4.8
1,500- 1,999	10.3	5,000- 5,999	4.7
2,000- 2,499	8.3	6,000- 6,999	3.4
2,500- 2,999	8.8	7,000- 9,999	3.1
3,000- 3,499	10.1	10,000 or more	0.9

Also in the 1950 census are found the figures for contract monthly rents. The following table shows the distribution of all rents in the city of St. Louis for 1950. It also shows the percentage distribution for nonwhite renter-occupied units in those 32 census tracts which were predominantly nonwhite.

DISTRIBUTION OF 1950 RENTALS
City of St. Louis

Contract monthly rent	Total city No. of units	Total city %	32 nonwhite tracts No. of units	32 nonwhite tracts %
Less than $10	7,275	4.4	2,533	8.3
$ 10 to $14	18,945	11.5	6,878	22.6
15 to 19	19,570	11.8	5,891	19.3
20 to 24	17,830	10.8	7,667 (20 to 29)	25.2
25 to 29	18,345	11.1		
30 to 34	15,445	9.3	4,120 (30 to 39)	13.5
35 to 39	12,610	7.6		
40 to 49	19,980	12.1	2,131	7.0
50 to 59	11,190	6.8	1,089 (50 to 74)	3.6
60 to 74	8,130	4.9		
75 to 99	3,895	2.4	163 (75 or more)	0.5
100 or more	2,835	1.7		
Rent free or unreported	9,275	5.6	-	-
Total	165,325	100.0	30,472	100.0

The material on income and rents from census data has been included in this report since it is the only official information available. Obviously, however, the past 6 or 7 years have seen a very great change in the nonwhite income and housing picture. For this reason it was felt necessary that some indication be obtained as to the extent of increases in rentals and incomes. Also, some indication was needed of whether any sizable number of nonwhite families wanted to move, had the income to afford new private housing, and would like to move into the Mill Creek area when redeveloped.

A sample survey has just been completed of 500 Negro families. Interviews were conducted in their homes. Because of the time limitation and expense, it was not possible to conduct a larger controlled sample survey of the entire Negro population. This 500 sample, however, was carefully selected to give us good indications about the things we wanted to know. First the Negro population was divided into three groups:

A. West of Kingshighway to the city limits.

B. Grand Avenue to Kingshighway.

C. East of Grand Avenue.

The 500 interviews were divided as follows: 100 in the "A" area, 190 in the "B" area, and 210 in the "C" area (excluding public housing units). This division was based on estimates of dwelling units in each area.

The individual dwelling units selected in the sample were based upon the selection of every "nth" block in each area, and in each block four interviews were made, beginning at the southwest corner of the block. Experienced interviewers conducted the survey, and the results obtained were carefully checked for completeness. A copy of the three-page questionnaire will be found in the appendix. In this report no attempt will be made to show the results and correlations on all of the questions and answers. Instead, the most pertinent facts turned up by the survey will be included. While this survey is of a good cross section of the Negro community, any application of its results to the total Negro population must be done with caution and with knowledge of the survey's limitations.

The first question in the survey was:

"How long have you lived at this address?"

Length of time	Area A	B	C	Total
0- 5 years	97.0%	65.3%	58.1%	68.6%
6-10 years	3.0	16.8	19.0	15.0
11-20 years	-	15.8	18.1	13.6
Over 20 years	-	2.1	4.8	2.8

The most significant thing about this response is that over two-thirds of the families interviewed had lived at their address 5 years or less. A further breakdown of the 0 to 5 years category shows that 36% had lived at the present address for 1 year or less. This would seem to indicate that most of the Negro population has changed residence since the 1950 census.

Next, the question was asked:

"Do you own or rent here?"

	Area A	B	C	Total
Owner occupied	51.0%	43.7%	22.4%	36.2%
Renter occupied	49.0	56.3	77.6	63.8

The answers to this question indicate that west of Kingshighway home ownership is roughly 50%, while from Kingshighway to Grand home ownership was a lower 43.7%, and east of Grand Avenue, as suspected, dropped to 22.4%. The average figure of 36.2% is very much higher than the 1950 census figure of 18% recorded for nonwhite home ownership. There has been a rapid trend in this direction, but it is doubtful that it has reached a figure as high as 36% in 6 years.

The next significant question was:

"Would you say that you are entirely satisfied . . . fairly satisfied . . . might like to move . . . or definitely would like to move?"

	Area			
	A	B	C	Total
Entirely satisfied	43.0%	41.1%	28.6%	36.2%
Fairly well satisfied	27.0	21.1	14.8	19.6
Might like to move	18.0	19.4	25.7	21.8
Definitely would like to move	12.0	18.4	30.9	22.4

The response to this question is an indication of the large degree of dissatisfaction among Negro families with their present housing accommodations. In all three areas, there is a fairly high response of "might like to move," or "definitely would like to move." In the "A" area this totaled only 30%, but in the "C" area east of Grand this figure was 56.6%.

Next, the families being interviewed were shown a card listing various monthly rental groupings. The question was:

"In which group does the rent you are paying fall?"

	Area			
Amount paid	A	B	C	Total
$30 or less.	2.1%	5.6%	58.3%	32.0%
$31-$40	6.1	29.9	23.9	23.2
$41-$50	26.5	37.4	12.3	22.9
$51-$60	26.5	17.8	3.7	11.9
$61-$70	26.5	5.6	1.8	6.9
$71-$80	10.2	2.8	-	2.5
Over $80	2.1	0.9	-	0.6

These answers show that of the tenant families interviewed, only 10% were paying more than $60 per month. In the area east of Grand Avenue, less than 2% were paying rentals in excess of $60 per month. In fact, almost 60% in the "C" area were paying less than $30 per month. This

would indicate that Negro rentals are still on the low side. However, it must be remembered that in 1950, only 4% were paying in excess of $50 per month, while this survey showed that about 22% were paying in excess of $50 per month. Also, in 1950 approximately 75% of the nonwhite families were paying less than $30 per month. The above table indicates that now only 32% are paying less than $30.

If the units were owner occupied, the owners were asked:

"In which group does your monthly payment fall?"

	Area			
Amount paid	A	B	C	Total
Under $60	11.8%	20.5%	46.8%	24.9%
$61-$80	31.4	26.5	12.8	24.3
$81-$100	23.5	15.7	6.4	15.5
$101-$125	11.8	6.0	-	6.1
Over $125	13.7	1.2	-	4.4
House paid for	7.8	30.1	34.0	24.8

These responses were surprising since they revealed that of the 181 owners interviewed, 24.8% replied that their homes were paid for, and that the largest number of these was located east of Grand Avenue. It is also significant to note that in the area west of Kingshighway, almost 50% of the owners were paying in excess of $80 per month in order to own their house.

Another significant question that was asked was:

"How many rooms should an ideal place to live have?"

Rooms	Area A	B	C	Total
2	-	-	2.9%	1.2%
3	9.0%	4.7%	12.4	8.8
4	14.0	20.0	31.0	23.4
5	23.0	32.1	30.5	29.6
6	33.0	25.8	15.7	23.0
7	14.0	9.0	2.8	7.4
More than 7	7.0	8.4	3.3	6.0
Don't care	-	-	1.4	0.6

The majority of the families answering this question indicated preference for either 4, 5, or 6 rooms. Only 13.4% wanted 7 or more rooms, and only 10% would settle for less than 4.

Next the interviewers asked:

"What type of dwelling units would you prefer?" ok

	Area A	B	C	Total
Single family	63.0%	56.3%	51.9%	55.8%
2-family	29.0	37.4	41.4	37.4
Up to 3-story apartments	4.0	3.7	2.9	3.4
Large apartment buildings	3.0	2.1	3.8	3.0
No difference	1.0	0.5	-	0.4

The responses to this question were overwhelmingly in favor of 1- or 2-family type dwellings (93.2%). The survey did not reveal any large difference in preferences among the three areas.

The interviewers next brought out sketches illustrating three kinds of garden-type apartments. The sketches were of buildings which could be row houses and semidetached dwellings. It was explained to the families interviewed that if rented, the rents would range from $65 per month for 4 rooms to $80 a month for 5 rooms. If the units were purchased, the

total price would be $10, 500 with a down payment of $1. 500, which would include closing costs and $65 a month FHA mortgage payments, which would include taxes and insurance. In this question no indication was given as to where buildings of this type were to be located.

"Would you consider renting or buying any of these units?"

	Area			
	A	B	C	Total
Would you consider renting?	21.0%	23.7%	38.6%	29.4%
Would you consider buying?	22.0	36.8	23.8	28.4
Not interested	57.0	39.5	36.7	41.8
Don't know	-	-	0.9	0.4

The responses to this question indicate that there was considerable favorable feeling toward buying or renting garden-type dwelling units. Fifty-seven and eight-tenths percent of the families interviewed indicated that they would consider renting or buying such a unit. In area "A" west of Kingshighway only 43% were interested, while in area "C," 62.4% were interested.

The interviewer then got down to the question of location. He explained that homes of this type were to be built in the Mill Creek section. He showed the families interviewed an aerial photograph with the new residential area clearly marked out, and its location indicated with reference to the Grand and Olive district and St. Louis University. He also showed them a sketch of what the neighborhood might look like when redeveloped.

The question asked was:

"Would you consider moving into this area when it is finished, if you like the housing units?"

	Area			
	A	B	C	Total
Yes	52.0%	46.3%	56.7%	51.8%
No	44.0	52.1	40.5	45.6
Don't know	4.0	1.6	2.8	2.6

The response to this question was favorable for the proposed housing in the Mill Creek area. Even in the area west of Kingshighway, farthest removed from the Mill Creek area, there was a 52% favorable response. This indicates that probably there is no aversion to moving back east of Grand Avenue. Of course, this response doesn't mean that over half the Negro population are prospects for the new housing in the Mill Creek area since the question of ability to pay was not included.

Therefore, the interviewer asked how many persons in the household worked full time or part time. These were listed separately, and their approximate weekly incomes were obtained, not by direct question but by asking them to indicate in which range their income would fall. From the results, the following table was compiled showing the approximate weekly family incomes in the 500 dwelling units sampled.

	Area			
Income	A	B	C	Total
Under $40	5.0%	3.7%	20.5%	11.0%
$40-$50	10.0	8.9	14.8	11.6
$51-$60	8.0	12.1	10.5	10.6
$61-$75	25.0	20.5	19.5	21.0
$76 and over	44.0	50.5	23.3	37.8
Unemployed	3.0	1.1	6.2	3.6
Refused	5.0	3.2	5.2	4.4

It was gratifying to see that there was only a 4.4% refusal in answering this question. An additional 3.6% of the families had no one working at the present time. Of the total respondents, 37.8% had family incomes in excess of $75 per week. This is at the rate of $3,900 per year and should be compared with the income data shown earlier in this section. For all urban areas, approximately 22% of the nonwhite family incomes in 1954 were in excess of $4,000 per year. That same table shows that 43.2% of the nonwhite families in all urban areas had incomes of less than $2,000 per year. The table above, however, indicates that in St. Louis only 11% of the families interviewed now have incomes of less than $40

per week, or $2,080 per year. Without doubt there has been a very sizable increase in nonwhite family incomes since the last complete census taken in 1950. The full extent of this increase in family incomes will not be known until the 1960 census. However, it is felt that this sample survey of 500 scattered families gives sufficient proof of the fact that there has been this increase, and that there are many nonwhite families with sufficient incomes to afford new private housing.

Now what do all of these answers mean for the proposed housing in the Mill Creek area? A number of correlations of the answers have been made. First, we related the two questions of those families indicating they "would definitely like to move" and answering "yes" as to moving into the Mill Creek area.

HOUSING SATISFACTION BY WILLINGNESS TO MOVE INTO NEW MILL CREEK HOUSING

	Area			
Housing satisfaction	A	B	C	Total
Entirely satisfied	36.5%	30.7%	17.6%	25.9%
Fairly well satisfied	28.8	18.2	14.3	18.5
Might like to move	15.4	27.3	26.9	24.7
Definitely would like to move	19.3	23.8	41.2	30.9

This combination of answers to questions indicates that of the 259 families that indicated that they would consider moving into the Mill Creek area, 80, or approximately 31%, had already stated earlier that they definitely wanted to move, and another 25% had indicated that they might like to move. Thus, over 50% of those who would consider moving into the area had indicated before that they either might like to move or would definitely like to move.

A more important correlation is adding the question of family income to the above. By doing this we obtain the number of families that indicated they would consider moving into the Mill Creek area and had already indicated they might like to move or would definitely like to move,

and who have sufficient family income to be able to afford new housing in the Mill Creek area.

WILLINGNESS TO MOVE INTO MILL CREEK HOUSING, AND MIGHT LIKE TO MOVE, OR DEFINITELY WOULD LIKE TO MOVE

	Area			
Income	A (100)	B (190)	C (210)	Total (500)
Under $40	-	0.5%	4.3%	2.0%
$40-$50	2.0%	2.1	7.6	4.4
$51-$60	3.0	4.2	6.2	4.8
$61-$75	6.0	8.4	8.1	5.8
$76 and over	7.0	8.4	9.0	8.4
Unemployed	-	-	2.9	1.2
Refused	-	-	0.5	0.2

The percentages in the above table are based upon the total number of interviews in each area. To be conservative, we have assumed that if the family income did not exceed $75 per week, the family would have trouble meeting rental or mortgage obligations in new private housing. Of the 500 families interviewed we found that in area "A," 7 families might like to move or definitely would like to move; they were willing to move to the Mill Creek area; and they had family incomes of over $75 per week. In area "B" there were 16 families meeting these qualifications and in area "C" there were 19 families. Altogether then, there were 42 families, or 8.4% of the 500 families interviewed who would appear to be good prospects for new private housing in the Mill Creek Valley area. For further details concerning the characteristics and desires of these 42 families, please refer to the summary in the appendix.

Earlier in this report it has been estimated that there are some 53,000 nonwhite families in the city of St. Louis at the present time. If we projected the sample results to this universe, the conclusion would be that there are approximately 4,450 nonwhite families which would qualify as prospects. As has been stated, because of the limitations of the survey

we cannot accept this figure as conclusive, but merely as an indication. Apparently, then, there is an indication that there is ample effective demand for the 1, 500 dwelling units planned for the project area, providing they meet the specifications and desires which have been outlined.

In summary, this sample survey of nonwhite housing in the city has produced the following significant indications:

1. An abnormally large number of nonwhite families have been on the move since 1950.

2. Home ownership has increased substantially since 1950.

3. There is a fairly large degree of dissatisfaction with present housing accommodations.

4. Rentals have increased substantially since 1950.

5. Monthly payments for new home owners are high.

6. Most families want 4 to 6 rooms.

7. Most families want single-family or 2-family type homes.

8. About half of the families interviewed would consider moving into the Mill Creek area.

9. Family incomes have increased substantially since 1950.

10. There is sufficient effective demand to justify the proposed housing in the preliminary plan.

Conclusion on Housing Analysis

There are so many facets of supply and demand entering into the question of new housing for the Mill Creek Valley that it is virtually impossible to draw hard and fast conclusions. From the information

gathered in this market analysis, however, it appears very likely that there is economic justification for the planning of a limited number of new private housing units (1, 500).

In our opinion, this housing will be most successful if it is limited to 2- and 3-story type garden apartments, flats or row houses. Further, this type of construction will be most successful if costs can be kept down to absolute minimum, yet keeping within good housing standards. Reasonable densities should be limited to not more than 15 families per acre for 2-story construction and to not more than 30 families per acre for 3-story construction. We believe it is possible to plan and erect an attractive development within this density pattern and with structures built at minimum cost. Savings could be effected by limiting the amount of basement space and by leaving the interiors with a minimum wall, ceiling, and floor finish as is done in public housing. Full 13-inch masonry walls might be concrete block backing with brick facing, and the interior of these walls painted instead of plastered.

Only by following this pattern can rentals be kept low enough to meet what we believe is the major source of demand. Other details of the type of buildings and probable rentals will be found in the residential section of the reuse appraisal.

There has been some question raised about the feasibility of constructing 3-story apartments. We interviewed managers or owners of several major 3-story apartment developments, including such ones as Neighborhood Gardens, Manhasset Village, Lucas and Hunt Village, and individual midtown St. Louis apartments. Generally, experience with third floor apartments has been very favorable, although some reported a $2 or $2.50 rent differential. Most of those interviewed did not have as favorable a location as that of the Mill Creek area; hence we believe that no difficulty will be encountered with this type development if properly planned.

On the other hand, we have concluded that serious difficulty might be encountered with the planning of some 500 elevator apartment units.

Their rentals would have to be much higher because of costs, and to obtain these rentals an attractive elevator apartment district would have to be created. This does not preclude the construction of a few individual elevator apartment buildings in the western end of the project area near Grand Avenue and St. Louis University. We suspect, however, that potential developers would want to be more certain of the success of this type construction before attempting it in quantity.

Another conclusion which we have reached is that there is a substantial demand for home ownership in the Mill Creek Valley project area. In planning the 2-story buildings we would suggest that a good part of these units be designed in order that they might be sold separately or in pairs. It must not be overlooked that the duplex or flat in St. Louis has always been a popular real estate holding. New areas in Washington, Philadelphia, and Baltimore, for example, have been developed successfully with modern individual row house units. While St. Louis has never had the relative quantity of row houses that these cities have had, we found a substantial number of owner-occupied row house units among the existing residential properties in the project area.

In disposing of the residential sites we believe that the entire 75 acres could be developed under one redevelopment corporation, or at the most, two or three. This would ensure more uniform density and planning. Undoubtedly, to attract residential developers, the Missouri urban redevelopment law will be used in order to obtain tax advantages.

There are no comparable sites anywhere in the city or county for this type of development. Remaining vacant land zoned for residential purposes in the city has been almost completely absorbed in this postwar building boom. Vacant land with multiple dwelling zoning is practically non-existent except for scattered lots. New rental housing construction has been very low in quantity and high in price. Certainly there is a large market at present, and perhaps an even larger market in the near future (with an increasing number of family formations ahead) for this proposed type of so-called middle income housing. We see no reason why the 75-acre residential area cannot be absorbed in 1 to 2 years' time from date of land sale.

V

COMMERCIAL AREAS

General Commercial Areas

While the primary purpose of the Mill Creek Valley redevelopment project is to clear the slums and to provide new areas for industry and housing, there is also a substantial area in the plan designated as "commercial." This commercial area is along Olive, Lindell, Pine and Jefferson as shown on the Redevelopment Plan, page 17 . Many of the existing structures in this area will remain since they have relatively long remaining economic lives. Altogether there will be 9,230 lineal feet of commercial frontage provided in the plan (exclusive of local shopping), of which only 3,965 feet, or 43%, will be available for new uses and the expansion of existing uses.

The type of uses contemplated for this commercial area is not necessarily related to the balance of the plan. Olive Street and its extension - Lindell Boulevard - have been developed over the years with a wide variety of business uses in the general category of distributors and wholesalers. In a large city's urban land use pattern, there is a wide variety of commercial and industrial uses. Often it is difficult to classify certain properties because they are of mixed uses. The businesses occupying space today along Olive, Lindell, Locust and Washington (the latter two streets paralleling Olive on the north) are of this mixed type. Generally these uses are retail to some degree, but essentially not of the local retail type. Some of them have storage space and work shops combined with office and retail space. Firms such as these with community-wide attraction have located in this part of St. Louis for its central location, ready access, advertising advantage, and proximity to like uses.

For example, the 3200 and 3300 blocks of Olive Street have a large concentration of establishments related to the motion picture industry. Other predominant uses are service establishments, engineers, automotive equipment, supply houses and distributing companies.

We believe it is natural to expect that the sites made available through

urban redevelopment will be in demand for like uses. In our opinion, it is good planning to provide for the continued use of most of this high-value frontage by this type of development.

Part of the Olive Street frontage is shown as residential. This existing frontage between Cardinal and Leffingwell is very shallow in depth and has been designated as residential in order to provide a wide access from Olive Street for the residential neighborhood to the south.

In addition to this commercial neighborhood along Olive, Locust, and Washington Streets, between the downtown district and Grand Avenue, there are portions of West Pine and Lindell to the west of Grand which have been occupied by similar uses in recent years. From all indications the market is very strong for commercial retail frontage centrally located. The sites proposed for such use in the Mill Creek Valley plan are well situated and in conformity with the general land use pattern.

It would be impossible to attempt to summarize the amount of vacant commercial sites which might compete with the project area sites. Similarly, it is not feasible to estimate total effective demand for such commercial space. When dealing with commercial property, the location factor is so important that it becomes difficult to compare one specific frontage with others in different locations. The fact that there has been considerable recent construction of commercial buildings along Olive Street is an indication that this location is in demand.

One large specific source of demand for new sites in this area will come from the 185 commercial-type establishments being displaced by the Mill Creek Valley project itself. According to our survey of all types of commercial and industrial space in the project area, there are 694, 000 square feet of ground area of commercial uses (excluding local retail) being acquired. In addition, there are over 1. 5 million square feet of industrial space which will be removed, some of which would be conforming to the type of uses contemplated for this commercial area. This displacement alone far exceeds the amount of ground area that will be provided for commercial uses in the new plan.

In the reuse appraisal section of this report there are listed numerous sales of comparable lots in order to conclude market values for these commercial properties. The relatively high prices being paid for vacant ground for this type use certainly indicate its desirability.

Therefore, from an economic standpoint we have concluded that it is not only feasible, but highly desirable to provide for the commercial sites as shown on the plan.

Local Shopping Needs

At the present time there are about 500 local retail uses serving the residents of the Mill Creek Valley area. Many of these uses are not significant in size or in volume of business. However, there are several clusters of stores which make up recognizable shopping districts. Virtually all of these retail uses will be eliminated through redevelopment of the area.

A detailed study was made of the number, type of use, and floor area of all of these local retail stores. The total of 500 uses occupies approximately 500,000 square feet of floor area, or an average of 1,000 square feet per store. Based on an estimated population of 20,000 in the area today, this means that there are 25 square feet of retail floor area per person. It must be realized, however, that a large part of this floor area is used inefficiently. In fact, the appraisers found many instances of stores occupied as residences and churches. Also, there was a large amount of vacancies. Except in good locations, most of the rentals were very low.

If all of the retail uses in the area today were to be eliminated and assembled in several well-coordinated efficient buying centers, the retail needs of the community could probably be met with less than half this amount of floor area.

With the proposed redevelopment of the area, some provision must be made to provide neighborhood shopping facilities for the new dwelling units constructed. At the present time the Jefferson-Market shopping district is a community-type shopping center rather than a strictly neighborhood type. Community-type shopping districts are characterized by the presence of variety stores, apparel stores, small department stores, furniture stores, and the like. Neighborhood shopping centers, on the

other hand, generally contain only such uses as will meet the immediate needs of smaller residential areas. A neighborhood-type center is often called a convenience center since it features such uses as grocery stores, drug stores, shoe repair, barber shop, beauty parlor, hardware store, and the like.

In our opinion, with the reduction of the population from some 20,000 to perhaps 5000 in the Mill Creek Valley, there is no longer a need for a community-type shopping district. We believe that the Grand and Olive district adjoining the proposed residential area at the northwest corner will be more than adequate to serve the project area's community shopping needs. We do believe, however, that there is definitely a need for the provision of a neighborhood-type shopping area, as near to the center of the housing area as possible. There are very few convenience-type stores existing at the present time in the immediate area surrounding the proposed housing. This points to the need for a shopping center, and also indicates that competition for convenience-type shopping will be at a minimum for a new local shopping center.

The preliminary redevelopment plan shows an area which is in the center of the residential section of the plan. This site is set aside to fulfill the local shopping needs of the residential community. Neighborhood shopping facilities will be almost completely lacking for the proposed housing unless a site such as this is developed with a neighborhood grocery store, drug store, barber shop, tavern, and the like.

In order to appraise the value of this site as planned for a shopping center, we have made an analysis of the potential consumers' expenditures and requirements for local stores. The primary trade area for the proposed stores would be the 1,500 dwelling units which are planned. We have estimated for the purposes of this analysis that the average family income will be $4,200 per year. This figure is considerably higher than the average income found in the area today. Based on the future rents and value of dwelling units in the area, however, we have assumed an average income figure of $4,200. This means that there would be a total expendable income for the primary trade area of

$6,300,000 (1,500 families times $4,200).

From this figure we have estimated that approximately 15% must be deducted for expenditures other than current consumption. By this we mean that expenditures are not included for such items as insurance, charitable gifts, savings, and investments. This leaves a total for the primary trade area of $5,355,000 for current consumption.

Next we have used various governmental reports to estimate a breakdown of average family expenditures for various current consumption items. The table which follows contains this breakdown.

ESTIMATED VOLUME OF EXPENDITURES
FOR CURRENT CONSUMPTION BY TYPE

Item	Percent distribution of expenditures	Total volume in trade area
Housing	20.0%	$1,071,000
Household operation	5.0	267,750
Home furnishings & equipment	6.0	321,300
Food	25.0	1,338,750
Alcoholic drinks	3.0	160,650
Tobacco	1.5	80,325
Personal care	2.5	133,875
Clothing	10.0	535,500
Medical care	5.0	267,750
Recreation	4.0	214,200
Auto transportation	12.0	642,600
Other transportation	3.0	160,650
Reading & education	1.0	53,550
Miscellaneous	2.0	107,100
Total	100.0%	$5,355,000

From this breakdown it can be seen that the two largest items are food and housing. On the average, approximately one-fourth of the family's expenditures for current consumption are for food items. This

category includes meals out in addition to purchases in grocery stores, bakeries, candy stores, etc.

The next step is to estimate what part of this total expenditure for current consumption might be realized in a neighborhood-type shopping area. Many of the items contained in the breakdown must be reduced or eliminated. For example, clothing is generally purchased in a community center or in the downtown districts. The very large item of transportation is generally spent outside of neighborhood stores and, of course, housing expenditures are not part of a local shopping pattern. Also, it must be considered that even though a grocery store is provided, a considerable part of the trade area's expenditures for food will go out of the area. The same applies to all of the other items which would be provided locally.

Based on our experience with neighborhood-type shopping centers, we have concluded that approximately 65% of the food expenditure will be made locally. This figure amounts to $870,000, which represents about $11 per week for a family. We have further estimated that an additional 35% of the total expenditures of $5,355,000 are of the neighborhood type. This results in a figure of $1,875,000. We are estimating that 40% ($750,000) of this amount will be expended locally. Adding this figure of $750,000 to the estimated food expenditure of $870,000, results in a total for the primary trade area of $1,620,000.

We believe that perhaps another 15% of this amount, or $243,000, will be attracted to the center from population living near the area other than in the 1,500 units. Therefore, the estimated total volume of expenditures in the proposed center would be slightly under $2,000,000 annually. This amount is certainly a modest expectancy for a shopping center. We believe, however, that properly designed and constructed, a small group of convenience stores could be readily supported by this volume.

Following are the types of uses and sizes which we would recommend in the first stage of development:

	Sq. Ft.
Grocery store	12,000
Drug store	2,600
Barber shop	600
Beauty parlor	600
Laundry-dry cleaning	1,500
Tavern-grill	2,000
Hardware	2,000
Doctors and dentists	2,500
Total	23,800

We have assumed that the entire project area will not be leveled at once, but rather cleared and developed by stages. Therefore, probably the new shopping facilities would have competition from existing uses still remaining in the area until completely cleared. Ultimately, we believe that the above floor area might possibly be expanded by another 50%, or 11,900 square feet, bringing the total to 35,700 square feet.

To determine the total site requirements, we have estimated off-street parking at a 4 to 1 ratio, which amounts to 142,800 square feet. In addition, we have allowed 25,000 square feet for walks, service area, and landscaping. This brings the total requirements to 203,500 square feet, or slightly under 5 acres.

We believe that the site in consideration should be 5 acres in size, and we have used this figure in estimating its value in the reuse appraisal section of this report.

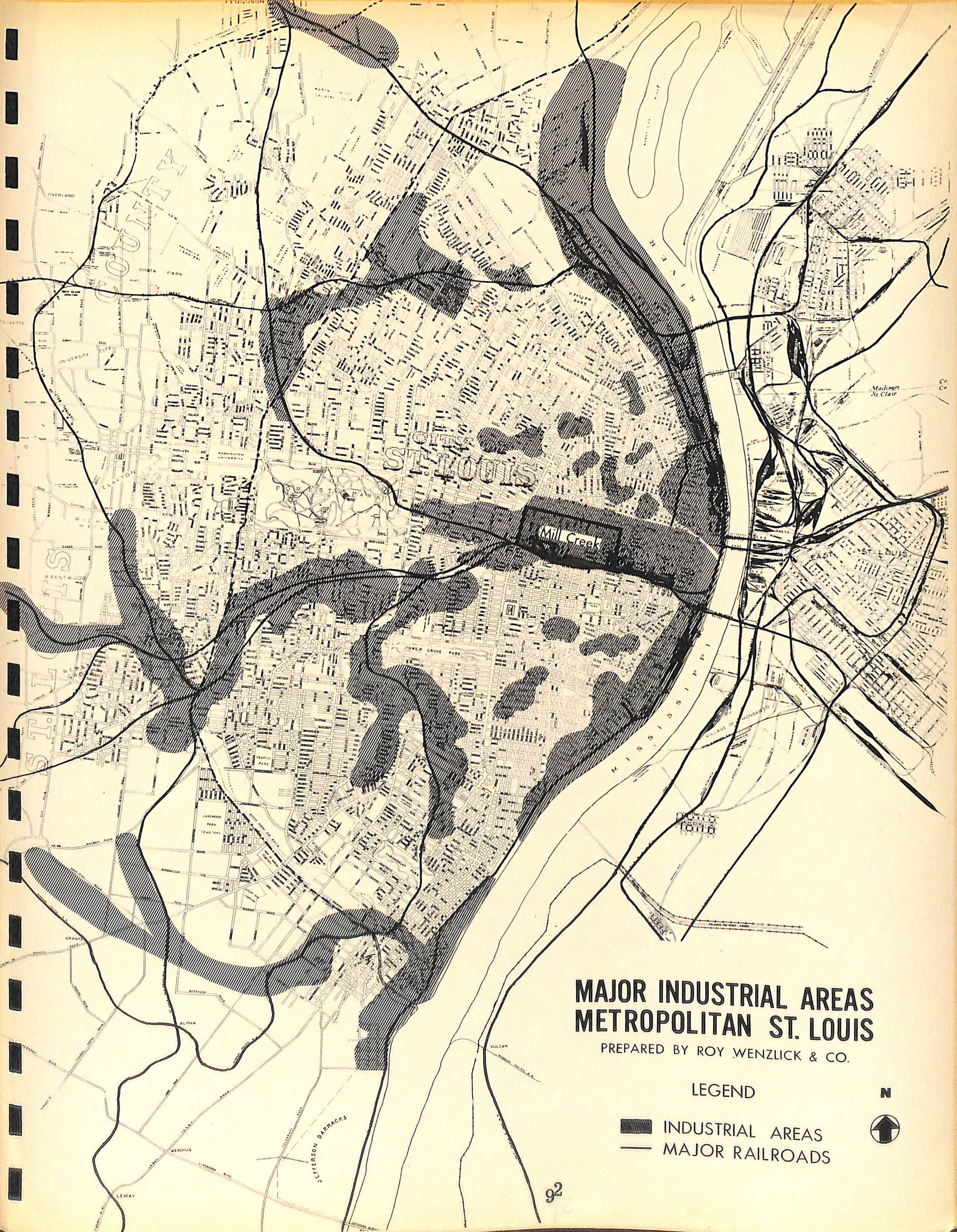
VI
INDUSTRIAL

As is the case in many industrial cities, the pattern of industrial development in the St. Louis area has been tied very closely to that of railroads. This is particularly true of the early development north and south along the riverfront, and the east-to-west shoestring type of development bisecting the city, part of which is now known as the Mill Creek Valley. The map contained on the following page portrays very clearly the dependency of St. Louis industrial development on the railroads.

With the development of the vast network of trucking lines that now service every corner of the United States, industry, or a large segment thereof, is no longer dependent on the railroads. This fact would indicate that present-day industrial development might be found elsewhere than along the rail lines. As a matter of fact, this has not been the case in the St. Louis Metropolitan Area. While it is true that many small industries have located without benefit of rail service, a majority of the new manufacturing installations have been on rail-served sites.

This is, of course, partially a result of the fact that the zoning of industrial districts has been to some extent patterned on existing use, in which case initial development had been governed by the presence of rail rights-of-way. On the other hand, newer developments in St. Louis County have taken advantage of rail facilities, in spite of the fact that zoning initially was not a matter of major importance.

Unfortunately, no up-to-date study is available of industrial land use in St. Louis County. However, the St. Louis County Plan Commission is now in the process of checking land use and zoning in the built-up sections of the county. Our firm aided in this program by inspecting each available site. This inspection, while cursory in nature, indicated clearly that the same industrial development to rail relationship found in the city exists in the county.



MAJOR INDUSTRIAL AREAS METROPOLITAN ST. LOUIS

PREPARED BY ROY WENZLICK & CO.

Unfortunately, even less information as to industrial land use is available for the part of metropolitan St. Louis on the Illinois side of the river. This section, of course, contains most of the heavy industry to be found in the metropolitan area, as such industrial development on the "east side" is even more dependent on rail facilities since heavy industry can seldom exist without them.

The St. Louis Metropolitan Area is fortunate in the quantity and quality of rail service afforded the area. Of the 18 railroads which serve the St. Louis Metropolitan Area, 14 have owned rights-of-way along which are being developed or have been developed industrial districts. Nine serve principally the east side, while St. Louis and St. Louis County are served by 4 of these roads. In addition to these trunk lines there are 6 short or switching lines to be found in the St. Louis Area. One of these lines has extensive industrial site development in Illinois; the other, the Terminal Railroad Association, has been the source of a great deal of industrial development on both sides of the river.

In pursuing the goal of this section of the report - that is, an analysis of the supply of and demand for industrial ground in the St. Louis Metropolitan Area - it can be readily seen that attention may be restricted for the most part to rail-served sites. The importance of this factor in the minds of the industrial real estate fraternity will be emphasized in subsequent paragraphs.

In the supply-demand analysis of industrial property in the St. Louis Metropolitan Area the two important factors to consider are, first, the rate of absorption by current industrial development and, second, the amount of industrial land available for development. In an effort to answer the latter problem, we have made an exhaustive inspection of all vacant land in Greater St. Louis that is zoned for industrial use. From City Plan Commission records we were able to ascertain with some degree of accuracy the location of all such land in the city of St. Louis. In the case of St. Louis County, however, we were forced to rely on a map of all industrial zoning, inasmuch as land use maps which are available are for the unincorporated portions of the county only.

The site inspection has answered several important questions. First, we sought to discover whether or not the various tracts had been used or were available for industrial development. Where sites were vacant at the time of the inspection, notes were made as to their suitability for industrial development. All tracts available for development, which were being offered for sale and were marked by a "for sale" sign, were recorded and inquiry made as to the asking price for the properties. In the case of sites which had been recently developed, information was gathered as to the type of development and the relationship of building area to land area. Where possible, an attempt was made to ascertain the sales price of the tracts recently sold.

It is impossible, of course, in a survey of this type to make an exact inventory of the vacant land zoned for industrial use. In view of the current pattern of industrial development, tracts of less than an acre were not considered. In the case of St. Louis County it was not practical to consider the vast areas lying outside the semicircle described by Lindbergh Boulevard. Industrially zoned ground this distance from the built-up sector of the city cannot be considered comparable or competitive to the type development envisioned for the Mill Creek Valley. With these limitations in mind, it was found that in St. Louis and the developed portion of St. Louis County, there are approximately 4,000 acres of vacant ground which are zoned for industrial use. Of this number, 2,800 acres are located in St. Louis County, and 1,200 in the city of St. Louis. The map on the following page sets forth the location of these vacant tracts in the city.

Of the total acreage so designated, approximately 2,815 acres, or 70%, are considered to be suitable for development on an economic basis. The residual acreage was eliminated, either because of flooding conditions, bad terrain, or other factors which might make it impractical to develop it in the near future. While it is not possible to determine exactly what portion of the usable vacant acreage zoned for industrial use is served by rail facilities, it would appear that approximately 2,260 acres, or 80%, are positioned in such a way that rail access is readily available. Our method for determining rail accessibility was by map analysis; consequently, those tracts which lie adjacent to a rail line but, because of

VACANT INDUSTRIAL SITES ONE ACRE OR MORE IN SIZE

LAND VACANT IN 1950 AND OCCUPIED SINCE 1950

LAND VACANT IN 1956

PREPARED BY ROY WENZLICK & CO.

great differences in grade between the road bed and the site, would hardly be accessible for a spur, would be included in the aforementioned acreage having potential rail service.

Perhaps the most significant point developed by our survey is the fact that of 1,200 acres of vacant industrial ground lying within the city limits, only 330 acres can be considered as suitable for immediate development. The remainder, lying mostly along the Mississippi River both in the north and south sectors of the city, is for the most part subject to periodic flooding. While this condition may be corrected by future levy work, this ground cannot be considered as ripe for industrial development at this time.

Using a 1950 survey of vacant land by the City Plan Commission of the City of St. Louis, we found that at that time there were approximately 680 acres of available industrial ground suitable for development. Subtracting from this amount the approximate figure of 330 acres remaining as the only reservoir of land suitable for industrial development, indicates that 350 acres, or more than half the total supply available in the city, has been absorbed in the past 5½ years. This is at a rate of approximately 64 acres per year. At this rate it can be readily seen that the remaining acreage of vacant land suitable for industrial development would theoretically be absorbed in the next 5-year period. It should be added, also, that little of this ground can compete favorably with the Mill Creek Valley industrial park as to topography, facilities, or location.

No attempt has been made to total the vacant ground suitable for industrial use as located on the Illinois side of the river. Our discussions with various well-informed parties, including railroad real estate agents, industrial Realtors, chamber of commerce people, and others, indicate that there is almost no limit as to the amount of ground available for this purpose. One source has estimated that there are 25,000 acres available for development; that is, with utilities and good rail and highway access. Not all of this ground could be considered suitable for immediate development. The estimate included marshy tracts which would need extensive fill.

Because of a number of factors, there is apparently little demand for industrial ground on the east side. While it is not the purpose of this report to examine the validity of the reasoning back of this situation, the fact seems to be substantiated by the absence of any extensive recent development.

It is true, of course, that there are many types of industry which would not be allowed by the zoning regulations to enter St. Louis or St. Louis County. Apparently all types of industry are welcomed on the east side and, as a result, these types of industries must locate there if they are to build in the metropolitan area. It is our conclusion, however, after studying the facts and sifting the various opinions which we were given, that there is little in the way of vacant industrial ground on the east side that is competitive to the type of development proposed for the Mill Creek Valley.

As stated in a previous paragraph, we were able to pinpoint the rate of absorption of industrial ground in the city of St. Louis with a fair degree of accuracy. It is considerably more difficult to do so for the entire metropolitan area. According to some cursory studies made by the chamber of commerce, approximately 5,500 acres of industrial property have been absorbed in the St. Louis Metropolitan Area during the past decade. This analysis was, we understand, based on a review of the projects covered by the chamber of commerce publications. Based on the analysis to follow, it would appear that this figure must constitute the maximum rate of absorption.

In an attempt to arrive at an answer through another channel, the Wenzlick organization has made a study of the relationship of building area to land area in the average industrial development which has been undertaken over the past 3 or 4 years. A list of as many new installations as could be found was made up, showing the amount of ground which was purchased for the site and the total area of the improvements which were placed thereon. The results of this analysis indicate that, on the average, 4 square feet of ground will be purchased for every square foot of building area which the user intends to construct.

According to the Dodge reports, 21,463,000 square feet of industrial space have been constructed in the St. Louis area from January 1, 1946, through December 31, 1955. Using the ratio previously derived of land area to building area, this would indicate a total of 1,970 acres probably absorbed in industrial development over this 10-year period. This amount does not include an allowance for the industrially zoned ground used for other purposes. Nor does this figure include the ground absorbed by the many small installations that would not appear in the Dodge reports. Consequently, this rate of absorption of vacant ground zoned for industrial use of 197 acres per year must be considered as absolute minimum.

Thus we are faced with an apparent spread in the absorption rate of 550 acres vs. 197 acres per year. It is safe to say that the true picture lies somewhere between these two figures. It is our estimate that perhaps a reliable figure would be in the neighborhood of 350 acres per year if we were to include industrial ground being absorbed for any use. The Dodge figures indicate that over the past decade, 82% of the industrial construction in the metropolitan area has taken place in St. Louis and St. Louis County. Based on this figure, the present supply of vacant industrial ground in St. Louis and St. Louis County suitable for development would be utilized in about 10 years. It should be kept in mind, however, that, first, much of the additional 1,200 acres not now considered suitable for development may in the meantime become sufficiently valuable to be so used; secondly, that there is in St. Louis County much vacant ground which could, if the need developed, be converted to industrial use. It must be pointed out at the same time, however, that with the developed part of the county protected by St. Louis zoning regulations, what land is to be added to the industrial land supply would have to be in the outlying sectors of the county.

This analysis points up one very important fact. While, as we pointed out in section III, there is a good supply of industrial sites if the metropolitan area is taken as a whole, there is a shortage of "close-in" sites of the type that would be offered by the Mill Creek project. Further, it was found that the near future will probably see the complete absorption of all such ground now available for development.

The Redevelopment Plan

The map on page 17 portrays the proposed redevelopment plan for the entire Mill Creek Valley district. On this map the areas designated for industrial development are clearly outlined. It will be seen that as a general program the area lying south of Market Street has been earmarked for industrial use. A small section in the northeast corner of the redevelopment project area has been similarly assigned.

The development plan shows 175.9 acres as the overall area which will be devoted to industrial use. Of this amount, however, 25 acres are represented by existing properties which will be allowed to remain. This means that there will be 150.9 acres to be redeveloped for new industrial use. This acreage is naturally divided into 23 parcels of various sizes. These parcels have been numbered and are shown on a map contained in the reuse appraisal section.

It becomes immediately obvious that, because of the great diversity of location, the industrial ground to be made available by the redevelopment plan cannot be priced as a single unit. Various parcels will differ in value based on their location, the availability of rail facilities, general accessibility, advertising value which may accrue because of street or express highway frontage, etc. The basic reasoning behind these differing values, together with the individual unit values concluded, will be developed in section VIII - REUSE APPRAISAL.

Local Survey on Industrial Development

In the development of the industrial sector of the Mill Creek project several basic problems must be studied. These basic problems include such items as: What various types of industrial use should be included in the development? What size sites should be provided? Should rail facilities be provided? As a corollary to these problems, what will be the demand for industrial sites in the area and at what price? What sort of restrictions should be placed on the development by the renewal au-

thority? Should the sites be sold individually by the renewal authority or should the entire area be developed by one or two private developers, or possibly a nonprofit civic group?

In an effort to obtain the answer to some of these problems, Roy Wenzlick & Co. circulated a questionnaire among outstanding persons in the industrial development field in the St. Louis Metropolitan Area. Included in this list were members of the Society of Industrial Realtors, representatives from the various chambers of commerce, government bodies, labor unions, railroads, large industries, etc. A satisfactory, and it is believed representative, response was received, with well over a third of the survey forms mailed out being returned satisfactorily filled out.

In the appendix will be found a copy of the questionnaire which was mailed to this group. It was originally intended that each question was to be answered by the use of check marks. As it developed, however, we found it advisable to handle questions 1 and 3 as percentage allotments. Where only one answer was selected by the use of a check, this was given an evaluation of 100 percentage points. Where those responding to the questionnaire checked all three categories, each check was assigned a value of 33-1/3%. The results of the survey pointed up some rather interesting viewpoints.

Composite opinion in answer to the question of type of industrial use would allot 28.4% of the proposed developments to manufacturing, 28.7% to fabricating and assembly, and the remainder (42.9%) to the distributive-wholesaling function. We were quite encouraged to find that of the 36 usable responses, 35 thought that the demand for this type of development would either be very brisk or probably sufficient to absorb the 180-acre area. Fourteen felt that the demand would definitely be "very brisk."

The composite opinion on the size of the sites to be offered to prospective users was as follows: 7% to ½-1-acre category; 20.9% to 1-2 acres; 37.1% to 3-5-acre category; and 35% to 5-10 acres. There were several comments along this line that no limitation should be placed on

the size site and that sites larger than the 10-acre limit might be in demand. In tallying the proposed square foot prices for the ground as made up into the various size sites, the median average was used. It was not felt that the arithmetic average would give a reliable result, inasmuch as there were several extremes on the high side. The medians in each of the four categories as to site size were as follows: $\frac{1}{2}$-1 acre, \$1. 19 per square foot; 1-2 acre, \$1. 23; in the 3-5-acre bracket, \$1 per square foot; and the same for larger sites. The unusual situation which showed a lower unit price for the $\frac{1}{2}$-acre than for the acre site results from the fact that a number of the responders who gave prices for only the smallest unit indicated prices which were considerably below those figures shown by responders pricing all four categories. For practical handling, it might be best to consider the smaller tracts to be worth \$1. 25, and the larger tracts, \$1 a square foot as far as the survey is concerned.

With regard to the importance of rail facilities, there was a heavy preponderance of opinion in line with the third suggestion: "Would have a serious effect on the marketability of the proposed site," 22 responders checking this category. Four of those surveyed thought the absence of rail facilities would make no difference, 7 thought it might possibly reduce the salability, while another 4 thought the absence of rail facilities would make the sites unmarketable.

Of the 34 individuals answering the question, 21 thought the sale should be by individual sites direct to industries, while 13 favored the sale of the entire area to a single developer. Actually, in the latter category there were one or two who suggested that the industrial area be divided up into 3 or 4 sections to be handled each by an individual developer. Contained in the appendix is a list of individual comments which were made by the various interviewees.

National Survey on Industrial Development

In order to supplement this data from a national standpoint, a questionnaire was sent to all members of the Society of Industrial Realtors located throughout the country. This survey was of a slightly different

nature, in view of the fact that we were principally interested in the situation existing in their own communities, and, as a secondary item, any possible demand among their clients with which they might be familiar for sites in the proposed Mill Creek industrial district. The appendix contains a copy of the printed circular concerning the Mill Creek industrial district, as well as the questionnaire form. Of the 384 questionnaires mailed, over 100 were returned.

There was an overwhelming body of opinion that in their community there was need for additional sites for wholesaling or light-industry-type industrial development. The ratio of "yeses" to "noes" was 8 to 1. A majority of those answering this question "yes" thought that the demand exceeded supply by about 25%. The median price that this type of land is bringing throughout the country appears to be 82¢ a square foot. This is considered to be a more important statistic than the arithmetic average, which was computed to be 94¢ a square foot.

About half of those responding stated that their community had one or more "close-in" type industrial park developments. The median size of these developments was given as 100 acres. The arithmetic average on this same question was found to be 324 acres. The median sized site for these "close-in" type developments was computed to be 2.6 acres, and the arithmetic average, 3.44 acres. It is of interest to note in this vein that the minimum sized site listed by any of those answering this question was given as 10,000 square feet. One listed a development which had individual sites as large as 50 acres.

The price of land on the developed sites in these "close-in" developments was, interestingly enough, on the average less than the price given in question 3 for all types of industrial developments. The median price per square foot under question 5 was given as 77¢ per square foot, and the average price, 79¢ a square foot. In the last part of question 5 the overwhelming majority (a ratio of 10 to 1) of the "close-in" developments included rail facilities.

We had no idea as to what to expect under section B of this survey. However, it was our desire to test the market to see whether or not in-

dustries having their headquarters in other communities might possibly be interested in a new location in the St. Louis area. Of those industrial Realtors responding, 9 stated definitely that they thought they had a client or clients who would be interested in the Mill Creek industrial project. Four others stated that it is possible that some of their clients might be interested. Of this total of 13 who responded favorably on this question, only 8 answered the second question as to whether or not the proposed Mill Creek industrial park would meet their clients' requirements. Five stated positively that the proposed Mill Creek industrial area would meet their clients' requirements, while 3 were uncertain at the present time.

Considering the positive answers in section B, it is somewhat difficult to get an exact number of acres that their clients might require. It would appear, however, that should the organizations they represent all become occupants of the new Mill Creek Valley industrial park, they would take up some 50 acres. This represents quite a chunk of the 150 or so total acres which will probably be made available in the district. However, it should be pointed out that a response of this kind cannot be taken too seriously in view of the many problems which will arise in the actual development and sale of the finished sites, and also the time lapse which must occur in the development of such a project.

The interest in the project as shown by this response, however, indicates the wisdom of proceeding in the development of the industrial portion of the district with the utmost haste. Serious thought should be given by the redevelopment authority to emphasizing the industrial sector in scheduling acquisition and clearance so that these potential clients may be signed up before they have found a suitable location in some other section of the metropolitan area or in other cities.

Displaced Industry

Another rather obvious source of demand for industrial ground in the proposed Mill Creek industrial park is the existing industrial use in the area which will be displaced in the process of redevelopment. Our tabu-

lation shows that approximately 30 acres of property now in industrial use will be acquired by the authority and cleared either for redevelopment purposes or to make way for the two expressways. These, of course, are for the most part small sites because of the nature of the industrial development in that region (see present land use map, page 8). On the other hand, many of them represent substantial companies which might well wish to remain in the area. Every effort should, of course, be made to interest the responsible firms in this group in acquiring a site in the new Mill Creek industrial park. Again this situation points up the advisability of proceeding posthaste with the industrial sector of the development, with the possibility of making certain of the superblocks to be used for industrial purposes available in the earliest stages of development.

Summary

Our study of the supply of and demand for industrial ground in the St. Louis area indicates quite conclusively that there is a need for the type of development proposed for the Mill Creek Valley. As previously stated, there is in the city of St. Louis apparently little more than a 5 years' supply of vacant ground zoned for industrial use suitable for development. While some of the acreage which is now available inside the city limits is of a choice nature, only a small portion of it can compete favorably with the Mill Creek Valley district from a location standpoint. As a general recommendation, then, we would state that the industrial part of the Mill Creek redevelopment program is economically feasible and most desirable in the light of civic need. If at all possible, this portion of the project should be carried forward in the initial phase.

It should be remembered that industrial developments do not progress at the speed of other types of real estate developments such as residential subdivisions. Even though an industrial project may be very sound from an economic standpoint, the period of development may cover a 2- to 5-year period, depending on the size of the project. In the case of the Mill Creek industrial park, it is rather difficult to set a time schedule for development. There are several factors to be considered which do not ordinarily make their appearance in a privately developed industrial district, and these factors, to some extent, cannot be forecast by any private

agency. In this category are the problems which may arise from the construction of two expressways through the project and the difficulties of clearance which may result from litigation, evictions, etc. Assuming, however, that the development of the project proceeds on a continuous basis, a period of 3 years should be allowed for development, dating from such time as the first parcel or "superblock" is ready for disposal.

Again it is difficult for the economic consultant to make recommendations as to the order in which the sites are to be placed on the market. A great deal will depend on the arrangements that are made with the State Highway Commission on the extension of the Daniel Boone Highway. If the highway is given a high priority, then it may become logical to handle the clearance and disposal of the industrial sites, working from west to east and starting with those parcels which lie adjacent to the highway. The initial publicity phase of the project may turn up a number of definite commitments for individual sites. Should this be the case, the authority will have a further guide as to the order of development of the sites based on the space requirements of these companies.

One question which we have been asked to consider is the matter of whether the disposal of the redevelopment sites is to be handled by the redevelopment authority, a civic organization that would perform the same function, or by individual developers who might take over some portion of the project and handle the disposal of the individual sites under the restrictions set forth by the Land Clearance for Redevelopment Authority. There are, of course, advantages to each plan. It is entirely possible that the decision may be governed by the authority's desire to avoid the tedium of the development function. The main advantage of handling the disposal of the individual sites by the authority would be the speed with which the development could be undertaken. Also, by dealing directly with the ultimate users of the ground, the authority would be able to plan more efficiently the layout of the various parcels. It is possible that some combination of these three programs can be worked out, with the authority disposing of the smaller sites, those which can be improved with very little cost, the remainder being handled by the civic group or individual de-

velopers. It is suggested that in the planning stage the authority cooperate closely with the various groups concerned with industrial development in the metropolitan area - industrial Realtors, railways, government agencies, etc. - in making these various decisions.

The results of the two surveys which we conducted indicate that the average requirement, as far as site size is concerned, is in the neighborhood of 3 acres. It seems plausible to assume that there will be a demand for sites ranging from 1 acre to 10 acres in size. Here, again, any definite recommendations by the consultant would be of little value. The industrial parcels as set forth in the proposed redevelopment plan are not of standard size and of such proportions that they could be easily platted in grid pattern in uniform size lots. This being the case, it would not appear advisable to proceed with the platting in the early stages of development. While sites of various sizes can be offered by the authority (or redeveloper), final decision on this matter should be based on the requirements of the initial occupants.

It might be stated as a general recommendation that the parcels not served by rail - particularly those nearest the downtown district (I-12, 18, and 19 through 23), should be developed with $\frac{1}{2}$-acre to 1-acre sites. The large superblocks served by rail (I-9, 10, 11, 13, 14, and 15) should be held for larger sites as the demand develops.

This brings us to the matter of restrictions. Certainly if the so-called "superblocks" are to be sold to private developers, then a restriction as to the minimum size lot should be incorporated in the deed. There are many things that can be covered by deed covenants. Some of these are musts; others might be considered desirable in maintaining the aesthetic standards of the development. Some of the material which we have collected in connection with this survey has been incorporated into the September 1956 issue of the Appraisal Bulletin, published as a portion of the Real Estate Analyst Service. A copy of this bulletin has been incorporated in the appendix of this survey. In this report will be found a list of the various items which may be covered by deed covenants.

The desirability of rail service on a general basis has been covered

in an earlier portion of this section. There is no question that the presence of rail facilities will enhance the value of any industrial development. The preliminary railroad plan for the industrial areas of the Mill Creek project specifies that only one of the "superblocks" north of the new highway and west of the bypass expressway will be served by rail (see map on page 159, parcel I-10). It is the recommendation of the consultant that this matter be considered and that rail facilities be made available to both of the "superblocks" so located (I-10 and I-11). It is not considered feasible to undertake the expense of the viaduct over the expressway unless both of these areas are served. It would appear that little additional expense would be involved and that the only undesirable feature of handling the situation in this manner would be the grade crossing over Clark Avenue near its intersection with Montrose.

In making our appraisal of the reuse value of the industrial portion of the Mill Creek Valley redevelopment project we have assumed that the recommendations embodied in the foregoing paragraphs will be accepted in one form or another. The values concluded on this basis will be found in the final section of this report.

VII

PUBLIC AND SEMIPUBLIC USES

Planning for an area as large as the Mill Creek Valley project would not be complete without provision for public and semipublic uses to supplement private residential, commercial, and industrial uses. The preliminary redevelopment plan, recognizing the importance of this, contains provision for new and expanded public and semipublic uses in addition to existing uses which will remain.

At the present time the large Vashon High School plant on Market Street is serving an area much larger than the Mill Creek Valley project area. The plan shows that this facility will remain as part of the new land use pattern. Adjoining and part of the Vashon facility is a modern community center at the northwest corner of Market and Compton. This building and its outdoor swimming pool will also remain. In addition, the overall area of the Vashon playground will be enlarged from 5.2 acres to 7.0 acres.

Elementary school facilities are provided for in the preliminary plan by the continuation of the Waring School on the west side of Compton, north of Market, and a new school containing approximately 5 acres south of Pine, near Leffingwell. It is planned to enlarge the Waring School site from 2.1 acres to 5.0 acres. According to estimates of future school enrollment based on approximately 1,500 new dwelling units, these two schools will be adequate to take care of the elementary school age children. Their sites will serve in the dual capacity of neighborhood recreation as well as educational facilities.

In addition to the areas shown on the preliminary plan, it is contemplated that the residential developers will provide additional sites for open space and play yards within the superblocks. The public or semipublic facilities existing today that will remain are the Pine Street YMCA,

the Railroad YMCA, St. Louis University dormitory at Grand and Pine, and several churches.

One of the major features of the preliminary plan is the proposed expansion of the St. Louis University campus at the extreme western end of the project area between Channing and Grand. Some 23 acres have been set aside on the plan to enable the university to purchase ground for its expansion. This old midtown university has been surrounded and hemmed in by residential and commercial uses. Recently the university has been expanding westwardly from Grand Boulevard at considerable expense and with an assemblage problem. The extension of its campus on the east side of Grand Boulevard would be desirable both from the university's standpoint and the city's.

Of course, in discussing public and semipublic uses in the preliminary reuse plan, it is not possible to say whether they are economically feasible or not. It must be recognized that in providing for school site expansion in the plan the cost to the St. Louis Board of Education or to St. Louis University will be substantially less than what it would have to pay for assembling improved property. However, as it will be developed in the reuse appraisal section, it is only proper that the St. Louis Board of Education and St. Louis University should pay a fair market value for the cleared ground as other purchasers will do. In our opinion, the plan for enlarged and new public and semipublic uses appears reasonable and proper. We believe that the inclusion of these sites in the plan will enhance the value of the residential tracts which will be available for new housing.

VIII

REUSE APPRAISAL

The appraisal of land for reuse in redevelopment areas is somewhat more speculative and hypothetical than the ordinary market value appraisal of private property. In a reuse appraisal there are complicating factors of time, highest and best use, method of disposal, restrictive limitations imposed on the land, property rights involved, and especially the fact that it is very difficult to make comparisons with other land market data because of several features unique to redevelopment areas.

The concluded values in this appraisal are based on the data contained in the following sections. Good appraisal practice dictates a careful description of:

1. The purpose of the appraisal.
2. The property to be appraised.
3. The property rights involved.
4. The date of the appraisal.
5. The method of appraisal.

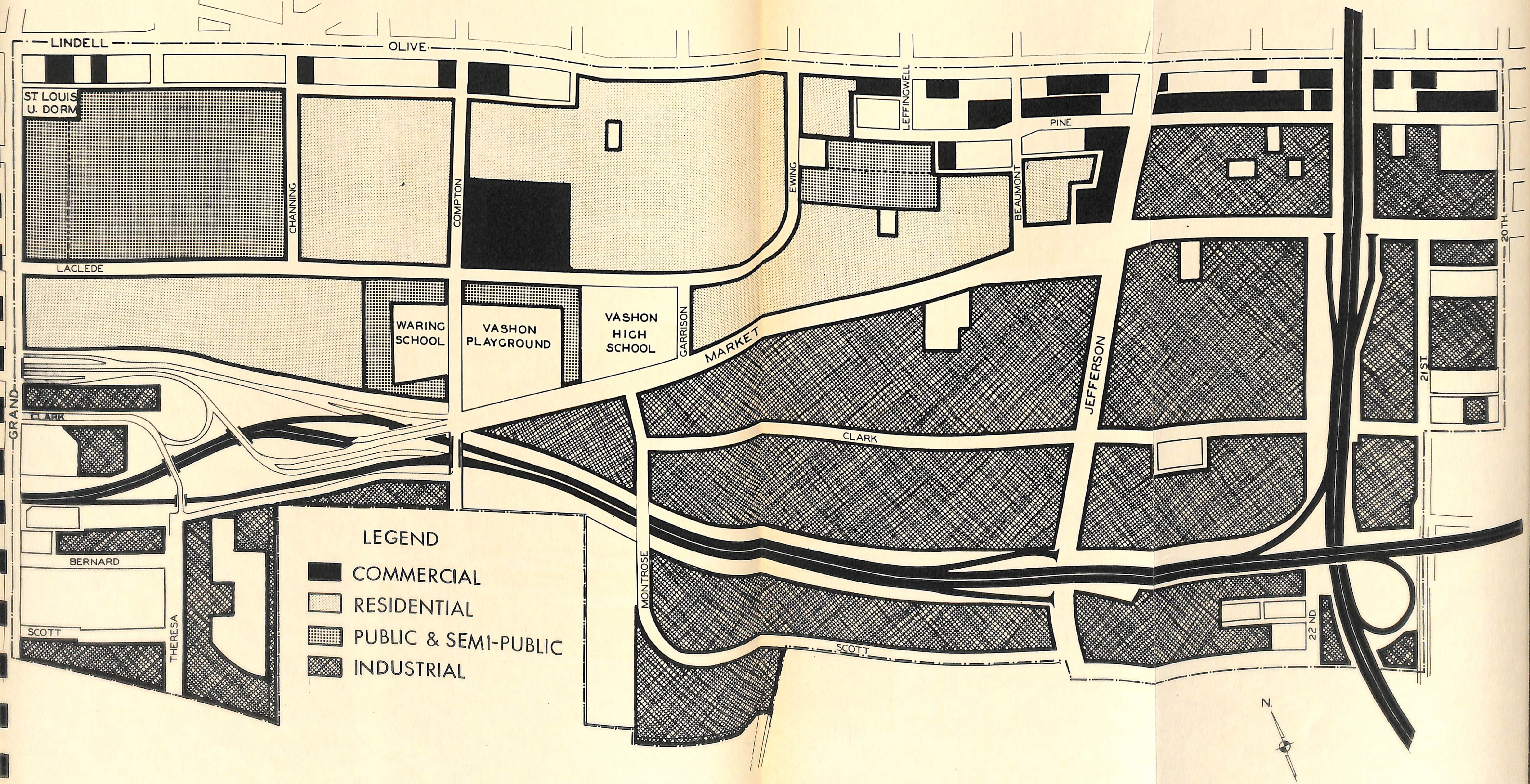
These qualifying items form the basis for the concluded land values and should be included whenever the values are considered.

All of the material contained in the preceding sections of this report is pertinent to the appraisal and shall be considered as integral parts thereof.

Purpose of Appraisal

The purpose of this appraisal is to estimate the fair market value of the land only included in the Mill Creek Valley urban redevelopment area after the area has been cleared and offered for sale under

ALL SITES APPRAISED



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the limitations of the redevelopment plan.

Fair market value may be defined as:

"The highest price estimated in terms of money which a willing and well-informed buyer would be warranted in paying and an equally willing and well-informed seller justified in accepting for a property in a reasonable time if placed on the market and further, all rights or benefits inherent in or attributable to the property were included in the transfer."

For this appraisal we are assuming that the "buyers" will be private parties rather than public agencies, and that land will be sold by competitive bidding. The only exception to this would be the ground reserved for public school sites and St. Louis University.

The "seller" will be the Land Clearance for Redevelopment Authority of St. Louis, which agency we assume will widely advertise the various sites for sale, fully informing the public of restrictions as to use and other factors.

Property to Be Appraised

The property to be appraised is shown on the map on the following page. The project area boundaries are described as follows:

"Beginning at the point which is the intersection of the center line of Grand Boulevard and the center line of Lindell Boulevard; thence eastward along the center line of Lindell Boulevard to the point of intersection of the center line of Olive Street; thence continuing eastwardly along the center line of Olive Street to the point of intersection with the center line of 20th Street; thence southwardly along the center line of 20th Street to the point of intersection with the center line of Clark Street; thence westwardly along

the center line of Clark Street to the point of intersection with the center line of 21st Street; thence southwardly along the center line of 21st Street to the point of intersection with the southerly boundary of Scott Avenue extended; thence westwardly along the southerly boundary of Scott Avenue extended and the southerly boundary of Scott Avenue to the point of intersection with the westerly boundary of Jefferson Avenue; thence northwardly along the westerly line of Jefferson Avenue to the point of intersection with the southerly line of Scott Avenue extended; thence westwardly along the southerly line of Scott Avenue to the point of intersection with the easterly boundary of Ewing Avenue; thence southwardly along said easterly boundary to the point of intersection with the southerly boundary of Atlantic Avenue extended; thence westwardly along the southerly boundary of Atlantic Avenue extended and the southerly boundary of Atlantic Avenue to the point of intersection with the westerly boundary of Montrose Avenue; thence northwardly along the westerly boundary of Montrose Avenue for a distance of approximately 70 feet to the point of intersection with the southerly boundary of the westward extension of Atlantic Avenue; thence westwardly along the southerly boundary of Atlantic Avenue to the point of intersection with the westerly boundary of an alley between Montrose Avenue and Cardinal Avenue; thence northwardly along the westerly boundary of said alley to the point of intersection with the southerly boundary of Spruce Street; thence westwardly along the southerly boundary of Spruce Street to the point of intersection with the easterly boundary of Rankin Avenue; thence southwardly along the easterly boundary of Rankin Avenue to the point of intersection with the northerly boundary of the Missouri Pacific Railroad right of way; thence westwardly along said northerly boundary of the Missouri Pacific Railroad right of way to the point of intersection with the center line of Grand Boulevard; thence northwardly along the center line of Grand Boulevard to the point of intersection with the center line of Lindell Boulevard and the point of beginning."

Certain properties as designated on the map are to be excluded from the clearance program and hence will not be available as parts of the sites. The appraisal of the various sections of the project area will not include the ground value of these excluded parcels.

Property Rights Involved

"All rights or benefits inherent" in the subject sites include the usual rights and benefits of ownership in fee simple subject to several limitations. If purchasers of the sites are redevelopment corporations as defined by State law, they are restricted by the provisions of that law. For example, such corporations are limited to 8% net return. By the same token, by qualifying as a redevelopment corporation, a buyer can take advantage of liberal tax provisions which exempt new improvements from all ad valorem taxes for 10 years (taxes will be paid on existing land value only). Also, for an additional 15 years taxes on total property shall be based on only 50% of value, and it is assumed that this means 50% of assessed valuation.

These rights and benefits, of course, are restricted also by the reservations contained in the redevelopment plan itself as to use, height, density, yard requirements, off-street parking, setbacks, etc.

In addition, we have based our appraisals of the subject sites on the following assumptions and limitations:

1. No restrictions on the use of material and labor will prevent a purchaser from constructing improvements in accordance with the plan.

2. Sites will be offered with streets and utilities provided as shown in the plan, except that the developer will have to bear the cost of access streets and utilities for larger sites which are to be further subdivided.

3. The entire project area ~~will~~ MAY not be cleared and offered at one time. Rather, we assume that the project area will be cleared and developed in progressive stages according to the plan over a period of several years.

4. We assume that neither a war nor a violent change in the economy will occur before or during the proposed redevelopment.

5. Land values will fluctuate very little between the planning stage and the dates of the various land sales, subject to reasonable limitations contained in the next section, 'Date of Appraisal.'

6. The general residential rent level will continue to rise slowly through the years of this project area's redevelopment.

omit 7. The proposed Daniel Boone Expressway will be completed in the near future approximately as shown on the plan.

omit 8. Terminal rail facilities will be available to some portions of the industrial section of the project area south of Market Street.

7. 9. Present Federal housing laws will be in force during the redevelopment of the project area.

8. 10. Other standard limiting conditions are contained on our appraisal certificate.

Effective Date of Appraisal

The effective date of this appraisal is indefinite as it is not possible to predict precisely when the various sites in the project area will be cleared and offered for sale. We assume that it is unlikely that any land will be offered before the summer of 1957. Also, we assume that about 3 years may elapse before the entire area is sold for redevelopment.

Based on these assumptions, the effective date of the appraised values must be for some uncertain time in the future, which we shall call 1957 to 1960. Since the concluded values are actually forecasts of value based on a study of past and current market conditions during this preliminary phase of the project, it would seem necessary that these values be reviewed after the final plan has been adopted and the sites are ready for disposal.

Method of Appraisal

As a first step in appraising the Mill Creek Valley sites, we have concluded that the general plan for future land use establishes the highest and best use of each of the various tracts. If the entire area were simply zoned for commercial or industrial purposes, perhaps a higher total price could be obtained for the cleared land. However, to conform to best planning principles and community needs, the preliminary plan shows areas allotted for residential, commercial, industrial, and public or semipublic use. It is this general breakdown of uses that we have concluded as a basis for highest and best use.

To us this general plan appears well conceived and feasible. However, the highest and best use within each zone must be established. For the residential areas we have concluded that the highest and best use is 2- and 3-story modest apartment, duplex, or row house construction (as described in an earlier section of the report) with a limited number of units provided in elevator apartments. For the industrial sites we have concluded that modern 1-story buildings on various sized tracts are the highest and best use (see industrial section of report). For commercial frontage the highest and best use would be 1- or 2-story structures with adequate off-street parking.

For convenience we have divided the appraisal sections which fall into four major groupings - residential, public and semipublic, commercial and industrial. Each section has a map showing the portions of the project area being appraised in each section with the various tracts or frontages identified by code.

The most reliable approach to land valuation is the use of the market data approach, that is, the gathering and analyzing of sales and asking prices of other properties to be used in comparison with the subject property and the weighing of advantages and disadvantages of each. It is this approach which we have relied upon most heavily in reaching our concluded values. However, the income approach was also independently applied. This approach is not so reliable in land appraising since it is necessary to conclude a residual land value based on hypothetical build-

ings of estimated construction costs, estimated rentals, and estimated expenses. (In using this approach, market data on going rentals was used.) Nevertheless, residual land values by the income approach were used primarily as a check on the market data approach and as a means of justifying the concluded values.

Urban Redevelopment Experience in Other Cities

Since there is an appraisal problem inherent in this reuse appraisal that is new for St. Louis, we endeavored to find out what experience other cities have had in disposing of land under urban redevelopment. In St. Louis this will be the first urban redevelopment project on a large scale, covering residential, commercial, and industrial uses. While it would be very difficult to compare sales prices obtained for land sold under urban redevelopment in other cities with the Mill Creek project area, such information might be useful in securing a range of values for various uses. We also wanted to know the proposed density restrictions which were being placed on the land sold for residential purposes.

A letter was written to every redevelopment authority in the country, asking them to send us information concerning their projects, sales prices, areas, etc. Following is a brief summary of the pertinent data obtained from some of the cities.

NEW YORK, N. Y. - The recent Lincoln Square redevelopment site has plans for a combination of residential, commercial, and educational uses. It is located between the Hudson River and the southern end of Central Park. Offers have been received for the ground in conformity with real estate appraisals. Fordham University has offered $5 per square foot, the Metropolitan Opera Association $8 per square foot, and private redevelopers have offered $9.35 a square foot for the housing and commercial section.

CLEVELAND, OHIO - The Longwood area has a redevelopment plan for 16 acres of elevator apartments with a density of from 31 to 40 families per net acre. An additional 16 acres of 2- to 3-story garden-type apartments is planned for a density of 25 families per net acre. A portion of the latter tract has been sold at 20¢ per square foot. Other redevelopment

land has been valued at 30¢ per square foot for the residential, and 82¢ per square foot for commercial. Units are being constructed in the price range of $10,000 to $11,000 each.

BALTIMORE, MD. - Two projects have been sold for public and semi-public use. A 16-acre tract was sold for a State office center for $1.73 per square foot. The other was a 3-acre tract sold to Johns Hopkins University for a dormitory for 77¢ per square foot.

The last 608 project in the country was built in Baltimore and was completed in the summer of 1955. Of inexpensive construction, with a density of 25 families per acre these apartments rent for $55, $65, and $75 per month. Land for the 300 units is leased at 4% on the basis of $100,000 valuation. For an assumed 12-acre site, this indicates a value of $8,350 per acre, or less than 20¢ per square foot.

CHICAGO, ILL. - The Lake Meadows project is being redeveloped mainly by the New York Life Insurance Company. The prices at which land has been sold to that company were arrived at through reuse appraisals, and agreed upon prior to the inception of the project. Land conveyed for residential purposes has been sold at 50¢ per square foot, and land for a shopping center has been sold for $1.75 per square foot, both under agreement signed in 1949.

In redevelopment project number 3, the land is being offered competitively. Approximately 40% of the land has been sold at $2.40 per square foot. This project is for industrial and commercial uses.

PHILADELPHIA, PA. - The first Title I project in the country was developed in 1954. A tract containing 4.11 acres was sold for redevelopment with 2- and 3-story row houses for 52¢ per square foot. These apartments were constructed at a cost averaging $9,800 per unit, renting from $55 to $81.50 a month. The density is 42 dwelling units per acre.

Other tracts have been sold for public housing and school purposes for prices ranging from 50¢ to 72¢ per square foot.

KANSAS CITY, MO. - The only redevelopment project completed has been a downtown area to provide for much-needed parking. By competitive bidding, the project area was sold for $2.84 per square foot.

Kansas City is now in the process of redeveloping 11 square blocks in the Negro residential section. This area is to be developed for garden-type apartments which will apparently be occupied for the most part by middle-income Negro families. Bids are to be opened on November 1 of this year. This project is of considerable interest, since it is comparable to the residential plan for the Mill Creek Valley.

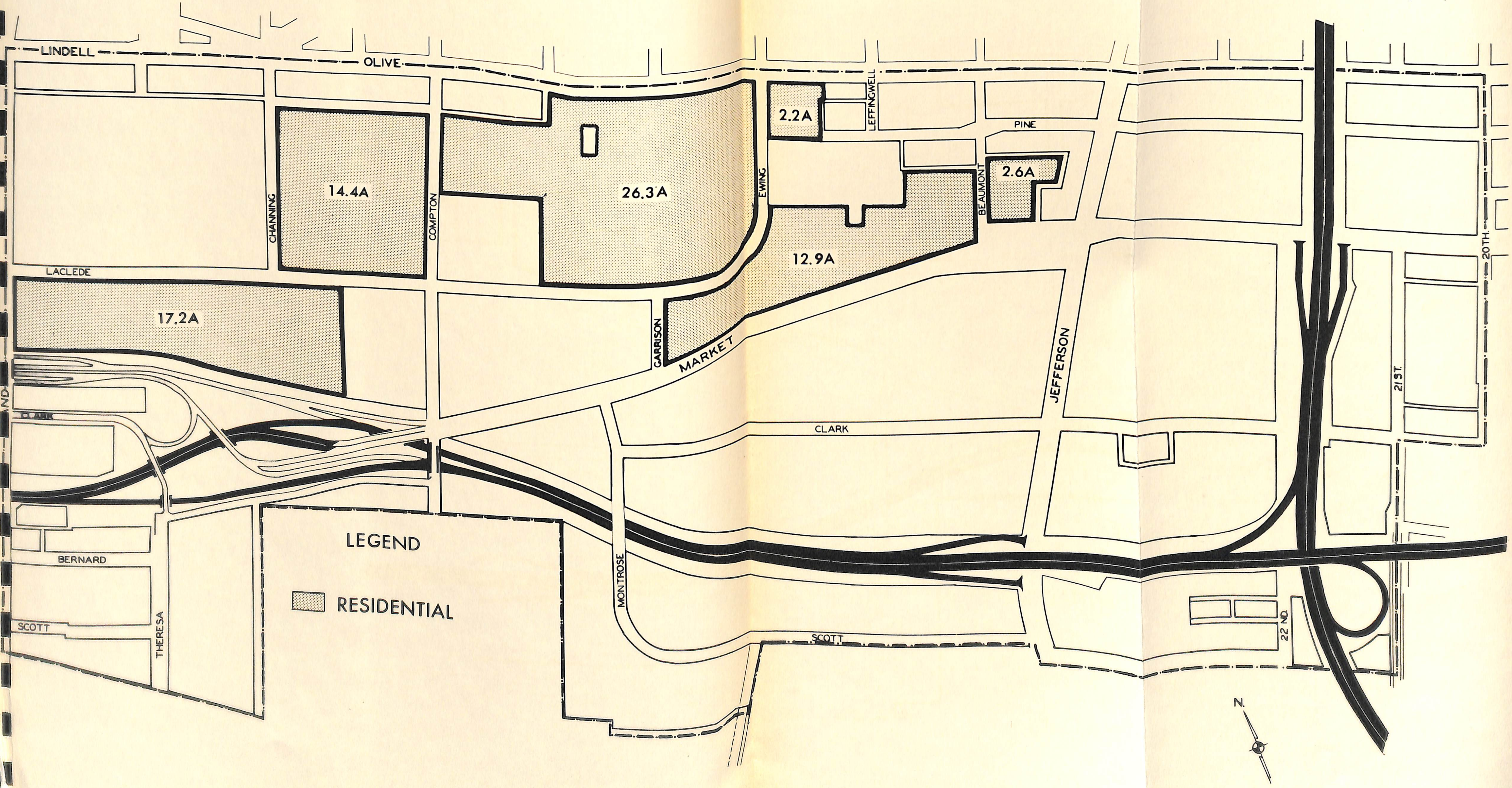
NORFOLK, VA. - A 35-acre industrial tract is being developed as part of the first redevelopment project in Norfolk. The industrial area is divided into 23 parcels. Approximately half of these parcels have been sold and a number of them are under option to buy. The prices per square foot obtained range between 30¢ and 60¢, varying, of course, according to size and location.

In summary, it can be stated that the whole program is too new to have a wide variety of projects completed and sold. In fact, from the information we obtained, it appears that each project area is a unique effort on the part of local authorities to redevelop portions of their cities. Consequently, many of the sales prices indicated do not necessarily represent "fair market value." While this information has furnished some background for the reuse appraisal of the Mill Creek area, we have relied solely upon local comparable sales in arriving at our concluded values.

Appraisal of Residential Areas

As shown on the accompanying exhibit, all of the area to be restricted for residential use is of one type that has an average density of 20 families per acre. Actually, it is contemplated that this area will have several types of residential improvements of varying density. According to the conclusions reached in an earlier section of this report, how-

RESIDENTIAL SITES APPRAISED
APPROXIMATELY 75 ACRES
(AV. DENS.- 20 D.U.'S -/AC.)



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ever, the highest and best use of the residential area is the development of 2- and 3-story garden apartments, row houses, or semidetached flats.

Therefore, the appraisal of the residential sites will be based on the assumption that primarily two types of housing will be developed:

2-story construction with density of 15 families per acre
3-story construction with density of 30 families per acre

To achieve an average density of 20 families per acre for the total 75 acres, 50 acres will be of the 2-story type and 25 acres will be of the 3-story type. Since the preliminary plan does not indicate specific locations for various types, the appraised values will be concerned with the overall area, and should be considered averages.

Accessibility and Conveniences

From the standpoint of accessibility and convenience, the housing area in the Mill Creek project plan is in a very preferred position. The sites will have direct access to three major traffic arteries: Grand Avenue, Market Street and Olive Street. In addition, the Daniel Boone expressway will be on the southern boundary of the area. Mass transportation will be available to the downtown district on both Market and Olive Streets, while the Grand Avenue street car line provides good north-south connections. On the eastern boundary of the residential section, transportation is also available to the north and south on Jefferson Avenue.

The residential area will be adequately served by churches and schools. Some of the existing churches in the area are scheduled to remain. In addition, there are several large churches in the immediate vicinity of the project area. Waring School will continue to serve the western end of the area and a new elementary school site is shown on the plan for the eastern end of the district. Vashon High School will remain for the upper grades.

The residential sites will be approximately 15 to 20 blocks from the

western edge of the downtown district. Local shopping needs will be supplied by neighborhood stores in the proposed shopping center and the adjoining Grand Avenue district.

Topography and Facilities

The Mill Creek project area is located on gentle rolling ground. Beginning at the eastern boundary the area slopes upwardly to the west until a ridge is reached between Leffingwell and Ewing Avenues. This point is roughly 75 feet above the eastern boundary. Then the terrain slopes downwardly to the west until a valley is reached near Channing Avenue. This difference in elevation is roughly 50 feet. Superimposed on this pattern is a downward slope from Olive on the north to the Mill Creek Valley railroad yards on the south. The area selected for the residential sites is predominantly high ground and is suitable for residential development.

The appraisal is based on the assumption that the major access streets, as shown on the plan, will be installed and that all utilities will be accessible to the sites. It will be necessary for future developers to provide these superblocks with access streets and utilities. Of course, some grading will be required in the residential areas, but not to an extensive degree. It is presumed that the developers will have to provide play areas as well as sidewalks, parking areas, and landscaping.

Zoning

The proposed zoning plan for the project area places the residential district into the "D" multiple dwelling zone. This district has a general height limitation of 3 stories, or 45 feet. Front and rear yards shall have depth of not less than 25 feet; side yards shall be not less than 5 feet in width for 2-story buildings, and not less than 6 feet for 3-story structures. This district also provides that there shall be a lot area of not less than 600 square feet per family. Actually, we believe that restrictions in the final plan will, and should, be more stringent than the zoning restrictions.

The Comparative Approach for Valuation of Residential Sites

In using the comparable approach for determining the fair market value of the residential sites contained in the preliminary redevelopment plan, there are a number of unusual factors which enter into the appraisal. First, recently there have not been any large tracts available for private residential development in the older central part of the city. As mentioned earlier, public housing is the only new housing anywhere in the vicinity of the subject property. Secondly, the cleared land in the Mill Creek Valley will have certain tax advantages which are not available to any other vacant ground in the city at the present time. This factor would seem to have a tendency to increase the market value of the residential tracts since future improvements would be completely free of real estate taxes for 10 years and would be taxed only 50% for the second 10 years.

Another important factor to consider is that there is not a single tract of ground over 3 acres in size in the City of St. Louis which is zoned for multiple dwellings. This in itself makes the comparable approach very difficult for the residential sites. Even in St. Louis County there are very few tracts available for apartment development of any size. If there were, it would not make for easy comparison with new sites near the center of the city.

Another point of conflict is between the preliminary redevelopment plan and its densities and the City of St. Louis zoning ordinance and its minimum densities. We have concluded that the optimum density for the future residential development in the Mill Creek Valley is 15 families per acre for 2-story type construction, and 30 families per acre for 3-story type construction. The present and proposed zoning for these residential sites is "D" - multiple family dwelling district, which requires at least 600 square feet of lot area per family. (This would permit up to some 70 families per acre.)

In our search for recent sales of property in this zoning district we have found that new construction has been providing 1,200 to 1,500 square feet of lot area per family, which is in line with the proposed density of 30 families per gross acre. Since this was the case, we also investigated the "C" - 4-family dwelling district, where a minimum lot area of 1,100 square feet per family is required. Actually the present zoning districts which permit the construction of 2-family dwellings and group houses come closest to the proposed density restrictions of 15 families per acre. This "B" zoning district requires a minimum lot area of not less than 2,000 square feet per family. Therefore, our search for comparables also included some parts of the city's 2-family zoning district.

Following are some of the recent residential sales and asking prices which were considered in arriving at a fair market value for the subject sites by the comparable approach.

Comparable Sales - Residential

Data (West End)	Remarks
Address: S. E. corner Cabanne & Goodfellow Lot size: 133' 3" x 215' Lot area: 28,660 square feet Sales price: $13,500 Unit price: $0.47 per square foot $100 fr ft Date of sale: March 1956	This large corner lot is located in the "D" - multiple family district, surrounded by older structures.
Address: Next lot east of above Lot size: 90' x 215' Lot area: 19,350 square feet Sales price: $7,500 Unit price: $0.39 per square foot 83 Date of sale: April 1955	Same as above except this is an interior lot and has been developed with a 1-story multiple dwelling containing 15 units. (1,290 square feet of lot area per family.)

Data	Remarks
Address: 5858 Cabanne Lot size: 50' x 215' Lot area: 10,750 square feet Sales price: $3,000 Unit price: $0.28 per square foot 60 Date of sale: February 1954	Same as above except narrower lot. It has been developed with a 1-story building containing 8 units. (1,470 square feet per family.)
Address: 5447-53 Cabanne Lot size: 105' 4" x 202' 9" Lot area: 21,350 square feet Sales price: $9,000 Unit price: $0.42 per square foot 85 Date of sale: December 1953	This lot has been developed with 16 units in a 1-story building. Zoning is "D" - multiple dwelling. (Lot area per family 1,334 square feet.)
Address: 5863-71 Clemens Lot size: 100' x 185' Lot area: 18,500 square feet Sales price: $4,500 Unit price: $0.24 per square foot 44 Date of sale: February 1952	This lot has been developed with 12 units in 1-story building. "D" - multiple family zoning. (Lot area allowed per family is 1,540 square feet.)
Address: 5888 Clemens Lot size: 50' x 185' Lot area: 9,250 square feet Sales price: $2,000 Unit price: $0.22 per square foot 41 Date of sale: June 1951	This lot is developed with 9 dwelling units in a 1-story building. "D" - multiple family zoning. Lot is narrow. (Lot area per family is 1,030 square feet.)
Address: S. W. corner Washington & Des Peres Lot size: Irregular Lot area: 9,940 square feet Sales price: $4,000 Unit price: $0.40 per square foot Date of sale: May 1950	This lot is improved with a 1-story building containing 12 units. (Lot area per family is 830 square feet.) "D" - multiple family zoning.

Data	Remarks
Address: 5960 McPherson Lot size: 99' x 130' Lot area: 12,870 square feet Sales price: \$9,000 Unit price: \$0.70 per square foot 91 Date of sale: February 1954	This corner lot has been improved with a 1-story building containing 13 units. "D" multiple family dwelling zoning. (990 square feet of lot area per family.)

NOTE: The above indicated prices of west end vacant lots represent recent acquisitions for the development of 1-story, no basement smaller dwelling unit type of construction. In most cases the lots were isolated properties, undeveloped in a neighborhood built up many years ago. The narrow width of some of the lots is reflected in some of the low indicated sales prices. On the other hand, corner properties commanded a premium.

Data (Southwest)	Remarks
Address: N. E. corner Mardel & Hereford Lot size: 107' x 120' Lot area: 12,840 square feet Sales price: \$7,000 Unit price: \$0.54½ per square foot Date of sale: 1951	This lot has been developed with two 4-family flats. Its zoning is "C" - 4-family. (Lot area is 1,600 square feet per family.)
Address: 5042-44 Fyler Lot size: 34' 6" x 130' Lot area: 4,500 square feet Sales price: \$3,000 Unit price: \$0.66½ per square foot Date of sale: August 1955	This property has been developed with new duplex in "B" - 2-family zoning. (Lot area per family provided is 2,250 square feet.)

Data	Remarks
Address: 4973 Pernod Lot size: 50' x 112' Lot area: 5, 600 square feet Sales price: $4, 500 Unit price: $0. 80 per square foot Date of sale: June 1954	"C" - 4-family zoning. Property developed with duplex, providing 2,800 square feet of lot area per family.
Address: 5014 Oleatha Lot size: 35' x 115' Lot area: 4, 025 square feet Sales price: $3, 000 Unit price: $0. 74½ per square foot Date of sale: April 1954	"C" - 4-family dwelling zone. Developed with single flat. (2, 000 square feet per family provided.)
Address: 3506 Lawn Lot size: 50' x 120' Lot area: 6, 000 square feet Sales price: $3, 500 Unit price: $0. 58 per square foot Date of sale: March 1953	"C" - 4-family dwelling zone. Developed with a 1-story, 4-family apartment. (1, 500 square feet of lot area per family provided.)
Address: 4955-57 Pernod Lot size: 55' x 113' Lot area: 6, 200 square feet Sales price: $4, 500 Unit price: $0. 72½ per square foot Date of sale: July 1953	"C" - 4-family dwelling zone. Property improved with duplex. (3, 100 square feet of lot area provided per family.)
Address: N. W. corner Lawn & Parker Lot size: 85' x 120' Lot area: 10, 200 square feet Sales price: $5, 000 Unit price: $0. 49 per square foot Date of sale: April 1951	"C" - 4-family dwelling zone. Property developed with 2-story, 4-family structures. (Lot area per family 1, 275 square feet.)

Data	Remarks
Address: S. W. corner Jamieson & Lindenwood Lot size: 100' x 112' Lot area: 11,200 square feet Sales price: $7,000 Unit price: $0.62½ per square foot Date of sale: October 1954	"C" - 4-family dwelling zone. Developed with two 1-story, 4-family structures. (1,400 square feet of lot area per family.)
Address: 5939 Nagel Lot size: 80' x 130' Lot area: 10,400 square feet Sales price: $7,000 Unit price: $0.67 per square foot Date of sale: September 1954	"D" - multiple family dwelling zone. This is the last lot developed in a new apartment district.

NOTE: The indicated sales prices for these lots in southwest St. Louis are somewhat higher than the unit prices found in the west end. Southwest St. Louis, however, is a much newer area of the city. Lots have been extremely scarce and desirable. The unit prices which have been paid reflect the relative narrowness, shallowness, and scarcity of the lots. In our opinion, this neighborhood would rank considerably above the residential area of the Mill Creek Valley project area.

Data (Others)	Remarks
Address: 5200-5300 South Broadway Lot size: 520' x irregular depth Lot area: 4.7 acres Sales price: $60,000 Unit price: $0.293 per square foot Date of sale: October 1954	This property was the last large tract of vacant ground with multiple dwelling zoning in the city of St. Louis. It is located about 5 miles from the downtown district and is situated high on a bluff overlook-

ing the Mississippi River ("D" multiple family dwelling district.) The neighborhood is mixed in character but considerably above that type found in the older sections of the city. The sales price in our opinion represents

a price paid for raw land, as it would be necessary to grade and install streets. The property was purchased by the Good Samaritan Hospital rather than by a developer for multiple family dwellings, in spite of the fact that it was on the market for many years. Probably the best comparable sale which can be found for use in this appraisal.

Data	Remarks
Address: South side of Vernon Avenue in University City Lot area: 5.9 acres Asking price: $150,000 Unit price: $0.60 per square foot	This is one of the few large tracts in the county available for apartment development. Zoning restrictions are for 3-story, 6-family buildings with a lot area requirement of 1,500 square feet per family. The location of this property is definitely superior to the subject sites.
Address: Northwest corner Broadway & Walsh Lot size: 128' x 121' Lot area: 15,488 square feet Asking price: $6,500 Unit price: $0.42 per square foot	This property is located in the "C" - 4-family zone. It is opposite the large tract purchased by the Good Samaritan Hospital.

From an analysis of these various sales and asking prices, it can be concluded that, in general, good sized lots with at least 100-foot frontage and in a zone which permits multifamily construction are selling currently in the price range of $0.40 to $0.60 per square foot, depending on location. This price range, of course, reflects the value of improved lots with all utilities and necessary access. When using these properties for comparison it must be remembered that the Mill Creek residential sites are considerably larger and will probably be disposed of as acreage rather than as lots. For this reason the appraised values are based on <u>gross</u> acres rather than on the <u>net</u> land areas as shown in the comparable properties.

After weighing the factors mentioned earlier in this section and after our analysis of the numerous sales and asking prices shown above, we have concluded a fair market value for the residential sites as follows:

1. Residential sites developed with 2-story structures and having a density of not more than 15 dwelling units per gross acre: $0.30 per square foot.

2. For residential sites developed with 3-story structures and having a density of not more than 30 families per acre: **$0.** 40 per square foot.

These concluded unit values are based on the assumption that a developer will purchase a fairly large tract where it will be necessary for him to incur expenses in site preparation and the provision of interior streets. We have estimated that for a typical gross acre 15% will be devoted to streets and alleys. This figure is low, since the "super-blocks" will have a large amount of improved frontage. Deducting 15% means that only 37,000 square feet will remain of the original acre. This area could be developed, for example, as a lot with a frontage of 246 feet and a depth of 150 feet. At $0.30 per square foot, the gross acre is valued at $13,070. To this we have added an estimated $3,000 as development cost for a total of $16,070. This would be the developer's cost for a lot approximately 246' x 150'. The unit prices for this net lot after street improvements would be $65 per front foot, or $0.43½ per square foot.

Using the same method on the $0.40 per square foot of raw land, we have concluded a raw acre cost of $17,425. Adding the $3,000 development cost to this results in a developer's cost per acre of $20,425. Again using the same hypothetical lot, 246' x 150', this results in a net acre value of $83 per front foot, or approximately $0.55 per square foot.

The 75 acres of residential land would be divided under our assumed densities into two categories: 25 acres with a density of not more than 30 families per acre (750 units), and 50 acres with a density of not more than 15 families per acre (750 units). The concluded fair market value for the residential portion of the preliminary redevelopment plan is as follows:

25 acres @ $0.40 per square foot	$ 435,600
50 acres @ $0.30 per square foot	653,400
	$1,089,000

The Income Approach for Valuation of Residential Sites

When the income approach is used for land valuation, a land residual technique is applied. Based on a concluded highest and best use, the appraiser estimates the construction costs of a hypothetical building, its anticipated income from rents, its expenses, and the net returns to the building first and the land last. This net land return is then capitalized to determine its fair market value. If net income is not sufficient to provide a return on invested capital and land, then the development would not be feasible.

In this section we have used this technique on the two types of residential property which were concluded as the highest and best uses of the 75 acres of proposed Mill Creek housing. In each example we have used a typical gross acre of land as the basis of our estimates.

(a) Two-Story Type Construction With Density of 15 Families Per Acre

In estimating reconstruction costs for this development we have assumed that low-cost 2-story, no basement type buildings would be built in quantity. For the hypothetical building or buildings we have also assumed an average floor area per unit of 900 square feet. Each of the permitted 15 units would then have an average ground area coverage of 450 square feet. After consulting several authoritative sources, we have concluded that 2-story structures of the type described in the conclusion section on housing would cost new approximately $16 per square foot of

ground area. Hence, total cost of building the 15 units would be $108,000 (15 x 450 x $16). Land coverage per gross acre would be only 15½%.

Using the land value concluded in the comparative approach section, the total development cost of this acre would be $124,000.

Building costs	$108,000
Raw land @ 30¢	13,070
Development cost	3,000
Total	$124,070

In estimating a fair market rental for units of this type, we were unable to find existing comparable new units. However, we did examine carefully the rentals on recent 608 apartment developments. Audubon Park, for example, is of slightly inferior construction than Hampton Gardens or Canterbury Gardens. Rentals for 2-bedroom units with 880 square feet of floor area in Audubon Park average about $90 per month, or $1.23 per square foot. For the hypothetical units in this approach we have used $72.50 per month average rental, or approximately $1 per square foot. This lower figure was concluded because of low-cost construction and the advantage of tax savings.

On the following page is a work sheet showing in detail our income approach for the 2-story type building. Gross income is estimated to be $13,050 for the 15 units. We have estimated 3% vacancy allowance and a 50-year economic life. Capitalization rates of 6% for land and 7% for improvements have been selected. Total expenses as shown total $2,865. Full taxes have been included in this amount. Net return is $9,795, to be divided between land and improvements.

On this hypothetical property, assumed to be worth $124,000, savings which will be realized through tax advantages have a present value of $9,900. Taxes for the first 10 years are estimated to be $325 per year based on present land assessment of $40 per front foot. Therefore, for the first 10 years the savings are estimated at $895 per year ($1,220 - $325). For the next 15 years taxes can be reduced to one-half of value,

ROY WENZLICK & CO. SAINT LOUIS

2-story type residential
(15 families per acre)

APPRAISAL WORK SHEET – IV
Appraisal - Income Basis

Address of Property: Mill Creek Valley

TOTAL RENTS INCLUDE THE FOLLOWING IN ADDITION TO POSSESSION AND OCCUPANCY

Cold Water	☐	Heat	☐	Furniture & Furnishings	☐
Hot Water	☐	Air Conditioning	☐	Linens, Dishes, Silverware	☐
Use of Laundry Space	☐	Janitor Service	☐	Maid Service	☐
Locker Space	☐	Mechanical Refrigeration	☐	Laundry Service	☐
Electricity	☐	Gas Stove	☐	Elevator Operators	☐
Gas	☐	Resident Manager	☐	Doorman	☐

RENTALS AFTER DEDUCTING ENTERPRISE FEATURES

Estimated ☒ Present ☐

Stores and Loft Space		Dwelling Units			
	$		$		$
		15 units @$72.50 (2 bedroom, average size)	1,087.50		
Monthly Rent	$	Monthly Rent	$	Monthly Rent	$
Annual Rent	$	Annual Rent	$13,050	Annual Rent	$
Annual Vacancy	$	Annual Vacancy	$	Annual Vacancy	$

ASSUMED BASIS OF APPRAISAL FROM FUTURE NET INCOME

Estimated Percentage of Present Rents to Future Level: Stores ____ Dwelling Units 100%
Estimated Percentage of Average Future Occupancy: Stores ____ Dwelling Units 97%
Estimated Remaining Economic Lives: Stores ____ Dwelling Units 50 years
Estimated Period Until Pres. Rents Return to Est. Fut. Level: Stores ____ Dwelling Units ____
Estimated Rates of Return On: Improvements 7 %; Land 6 %; Leasehold ____ %

Average Expense of Matured Property			Present Annual Rent		% Future Level		% Occupancy	Effective Gr. Income	
Janitor			Stores	÷		x		$	
Utilities			Offices	÷		x			
Heat & Vent.			Dwellings 13,050	÷	100	x	97	12,660	
Management 5%	635		Garages	÷		x			
Elevators				÷		x			
OPERATING EXPENSE		$ 635	TOTAL EFFECTIVE GROSS ANNUAL INCOME						$ 12,660
General Bldg ¼ of 1%	270		Average Annual Property Expense						$ 2,865
Tenants Space ½ of 1%	540		Annual Net Return Before Interest, Depreciation & Amort'n.						$ 9,795
Mech. Equip.			Net Return to Land					$ 965	
MAIN. & REPR. EXPENSE		$ 810	Net Return to Improvements					$ 8830	
Taxes (full)	$ 1,220		Worth of Land 965 ÷ 6					$ 16080	
Insurance	200		Worth of Improvements 8830 ÷ 9 (7 + 2)					$ 98100	
Fees			Value of Land & Improvements						$ 114,180
FIXED EXPENSE		$ 1420	Loss Gain Present to Future Income ____ Years					$	
TOTAL PROP. EXPENSE		$ 2865	~~Loss~~ Gain Unbalanced Taxes					$	$ 9,900

APPRAISED VALUE (Present Worth) — $ 124,080
Market Variable ____ Addition ☐ ____ Deduction ☐ ____ None ☐ — $
Market Value After Repairs — $
Necessary Repairs (See Sheet III) — $
APPRAISED MARKET VALUE — CALL $ 124,000

CODE: G-GOOD; GA-GOOD TO AVERAGE; A-AVERAGE; AP-AVERAGE TO POOR; P-POOR

or $610 per year instead of $1,220. Present value of these future savings is computed as follows (using Inwood tables):

Present value of $895 per year for 10 years @ 6% ($895 x 7.360)	= $6,590
Present value of $610 per year for 15 years, deferred for 10 years @ 6% ($610 x 5.423)	= 3,310
Total present value of tax savings	= $9,900

This figure is shown on the work sheet under "Gain Unbalanced Taxes." Total required net return on the improvements has been determined to be $8,830, based on a 9% rate (7% + 2% depreciation) times $98,100, which is reproduction cost less gain in unbalanced taxes ($108,000 - $9,900). This leaves a net return for the land of $965 ($9,795 - $8,830). Capitalizing this at 6% produces $16,080 as the value of land by the income residual technique. Deducting $3,000 development costs from this amount results in $13,080 as the raw land value per acre. This value, which is equivalent to 30¢ per foot, is the same concluded by the comparative approach.

For the 50 acres of 2-story type development with density of 15 families per acre, fair market value by income approach is $653,400.

(b) Three-Story Type Construction With Density of 30 Families Per Acre

In estimating construction costs for this development we have assumed that the 3-story apartment buildings would be built in quantity. For the hypothetical building or buildings we have again assumed an average floor area per unit of 900 square feet. Each of the permitted 30 units would then have an average ground area coverage of 300 square feet (900 square feet divided by 3 stories). After consulting authoritative sources, we have concluded that the construction cost new of these structures described in the conclusion section on housing would be approximately $23.50 per square foot. Hence, the total cost of building 30 units would be $211,500 (30 x 300 x $23.50). Land coverage per gross acre would be about $20\frac{1}{2}$%.

Using the land value concluded in the comparative approach section,

the total development cost of this typical acre would be $232,000.

Building costs	$211,500
Raw land @ 40¢	17,425
Development costs	3,000
Total	$231,925
Call	$232,000

In estimating a fair market rental we again referred to the existing rentals on 608 apartment developments. In addition, we found that the Neighborhood Gardens development, which is a 20-year-old 3-story apartment in an old section of the city, obtains rentals for 1-bedroom apartments between $46 and $51.50. Two-bedroom apartments rent for $60. These rentals include heat, water, and stoves, and there is a waiting list at the present time. Naturally, new apartments built today must receive considerably higher rentals than this in order to justify construction and land costs. For the hypothetical units in this approach we have used $85 per month as an average rental, or approximately $1.15 per square foot.

On the following page is a work sheet showing in detail our income approach for the 3-story type building. Again we have estimated a 3% vacancy allowance and a 50-year economic life. Capitalization rates of 6% for land and 7% for improvements have been selected. Total expenses as shown amount to $11,285. This figure includes full taxes as before, and also includes janitor service, water, and heat. It is assumed that tenants will pay for their own electricity. The net return was computed to be $18,395, to be divided between land and improvements.

On this hypothetical property assumed worth $232,000, savings which will be realized through tax advantages in the redevelopment law have a present value of $20,570. Taxes for the first 10 years are again estimated at $325 per year based on present land assessments. Therefore, the savings for the first 10 years are estimated at $1,955 per year ($2,280 less $325). For the next 15 years taxes can be reduced one-half of value, or $1,140 per year instead of $2,280. Present value of these future savings

ROY WENZLICK & CO. SAINT LOUIS

3-story type residential
(30 families per acre)

APPRAISAL WORK SHEET — IV
Appraisal - Income Basis

Address of Property: Mill Creek Valley

TOTAL RENTS INCLUDE THE FOLLOWING IN ADDITION TO POSSESSION AND OCCUPANCY

Cold Water	[ ]	Heat	[ ]	Furniture & Furnishings	[ ]
Hot Water	[ ]	Air Conditioning	[ ]	Linens, Dishes, Silverware	[ ]
Use of Laundry Space	[ ]	Janitor Service	[ ]	Maid Service	[ ]
Locker Space	[ ]	Mechanical Refrigeration	[ ]	Laundry Service	[ ]
Electricity	[ ]	Gas Stove	[ ]	Elevator Operators	[ ]
Gas	[ ]	Resident Manager	[ ]	Doorman	[ ]

RENTALS AFTER DEDUCTING ENTERPRISE FEATURES

Estimated [x] Present [ ]

Stores and Loft Space		Dwelling Units			
	$		$		$
		30 units @ $85.00 (average size, 2 bedrooms)	2,550		
Monthly Rent	$	Monthly Rent	$	Monthly Rent	$
Annual Rent	$	Annual Rent	$ 30,600	Annual Rent	$
Annual Vacancy	$	Annual Vacancy	$	Annual Vacancy	$

ASSUMED BASIS OF APPRAISAL FROM FUTURE NET INCOME

Estimated Percentage of Present Rents to Future Level: Stores ______ Dwelling Units 100%
Estimated Percentage of Average Future Occupancy: Stores ______ Dwelling Units 97%
Estimated Remaining Economic Lives: Stores ______ Dwelling Units 50 years
Estimated Period Until Pres. Rents Return to Est. Fut. Level: Stores ______ Dwelling Units ______
Estimated Rates of Return On: Improvements 7 %; Land 6 %; Leasehold ______ %

Average Expense of Matured Property			Present Annual Rent	% Future Level	% Occupancy	Effective Gr. Income	
Janitor	2,400		Stores	÷	x	$	
Utilities water	450		Offices	÷	x		
Heat & Vent. $7/mo.	2,520		Dwellings 30,600	÷ 100	x 97	29680	
Management 5%	1,485		Garages	÷	x		
Elevators				÷	x		
OPERATING EXPENSE		$ 6855	TOTAL EFFECTIVE GROSS ANNUAL INCOME				$ 29,680
General Bldg ¼ of 1%	530		Average Annual Property Expense				11,285
Tenants Space ½ of 1%	1,060		Annual Net Return Before Interest, Depreciation & Amort'n.				$ 18,395
Mech. Equip.			Net Return to Land			$ 1210	
MAIN. & REPR. EXPENSE		$ 1590	Net Return to Improvements			$ 17185	
Taxes full	$ 2,280		Worth of Land 1210 ÷ 6			$ 20165	
Insurance	560		Worth of Improvements 17185 ÷ 9 (7+2)			$190930	
Fees			Value of Land & Improvements				$ 211,095
FIXED EXPENSE		$ 2840	Loss Gain Present to Future Income ____ Years			$	
TOTAL PROP. EXPENSE		$11285	Gain Unbalanced Taxes			$	$ 20,570

APPRAISED VALUE (Present Worth) $ 231,665
Market Variable ______ Addition [ ] ______ Deduction [ ] ______ None [ ] $
Market Value After Repairs $
Necessary Repairs (See Sheet III) $
APPRAISED MARKET VALUE CALL $ 232,000

CODE: G-GOOD GA-GOOD TO AVERAGE A-AVERAGE AP-AVERAGE TO POOR P-POOR

is computed as follows (using Inwood tables):

Present value of $1,955 per year for 10 years at 6% ($1, 955 x 7. 360	= $14, 390
Present value of $1, 140 per year for 15 years, deferred for 10 years at 6% ($1, 140 x 5. 423)	= 6, 180
Total present value of tax savings	= $20, 570

This figure is shown on the work sheet under "Gain Unbalanced Taxes." Total required net return on improvements has been determined to be $17, 185, based on a 9% return (7% plus 2% depreciation) times $190, 930, which is the construction cost less gain in unbalanced taxes($211, 500 less $20, 570). This leaves a net return for the land of $1, 210 ($18, 395 less $17, 185). Capitalizing this net return at 6% produces $20, 165 as the value of the land by the income residual technique. Deducting $3, 000 development costs from this amount results in $17, 165 as the raw land value per acre. This value, which is equivalent to approximately 40¢ per square foot, is about the same as that concluded by the comparative approach.

For the 25 acres of 3-story type development with density of 30 families per acre, fair market value by income approach is $435, 600.

Conclusion of Value for Residential Sites

Based on the material contained in the preceding sections and upon our two approaches to value, we have concluded the fair market value of the subject residential sites as of date of offering to be:

25 acres @ 40¢ per sq. ft.	=	$ 435, 600
50 acres @ 30¢ per sq. ft.	=	653, 400
Total	=	$1, 089, 000

In handling the value added by the lower taxes we have arbitrarily used it as a return to the improvements rather than to the land as it would normally be. The reason for this is that we felt unless the rentals are as low as possible, the market for the new housing will suffer. In our opinion, a developer would not pay more for land in this area with tax advantages than he would for land elsewhere without tax advantages, unless higher rents than those assumed could be readily obtained.

Appraisal of Commercial Sites

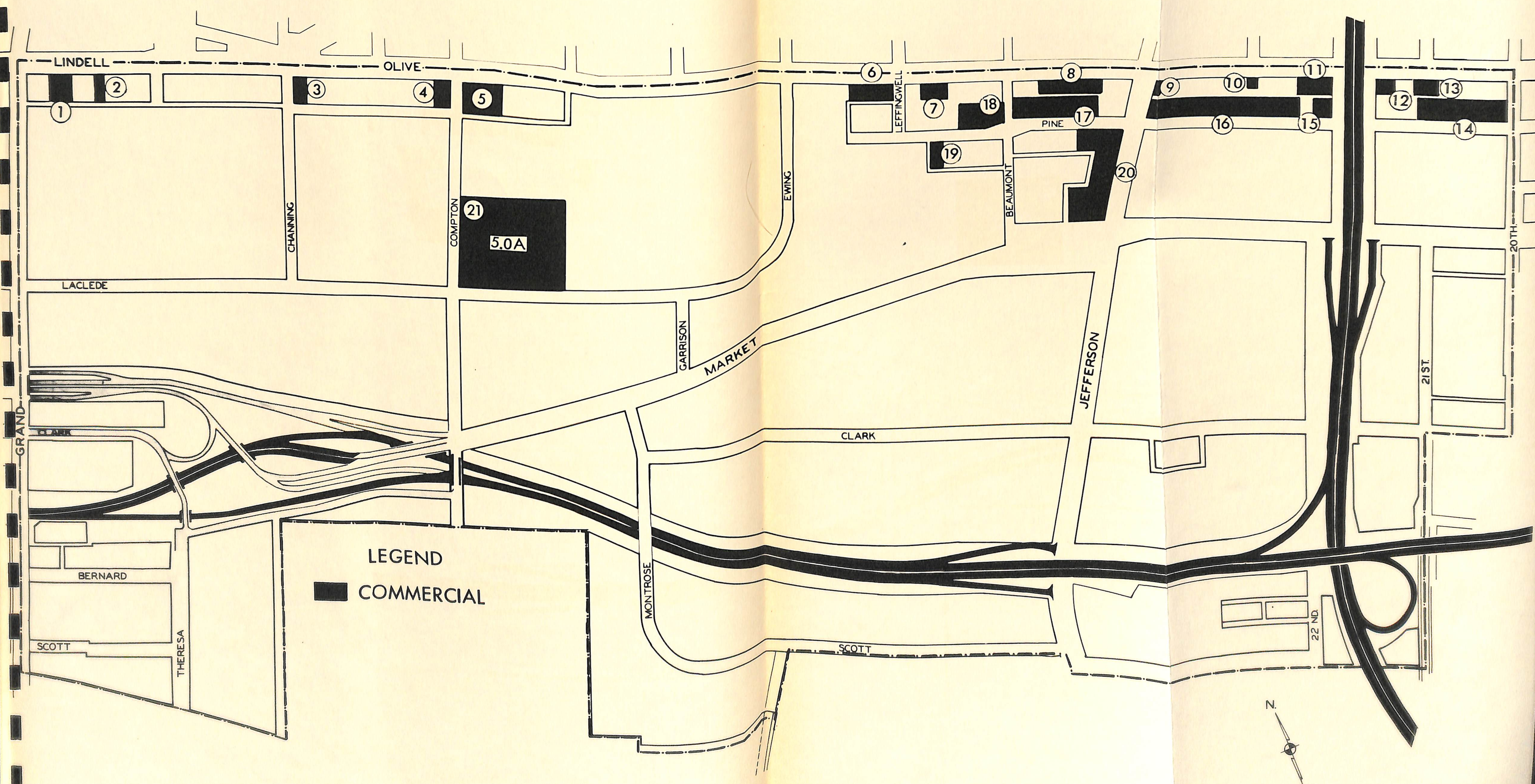
On the accompanying map are shown 21 separate sites which will be available for commercial development according to the preliminary redevelopment plan. The first 20 of these sites will be devoted to the more intensive commercial type uses as found on Olive and Pine Streets. Site 21 is the 5-acre local shopping district contained in the plan. We have numbered the sites for purpose of identification in this section of the reuse appraisal.

Accessibility and Convenience From the standpoint of accessibility and convenience, all of these commercial sites are in preferred positions. Some are better than others, but all are good. All have direct access to improved streets. Sites 1 through 13 are situated on the very important Lindell-Olive Street, which carries large volumes of east-west traffic. Sites 14 through 19 are located on Pine Street, which is not an important traffic artery and will become even less important under the preliminary plan since it will extend only to Leffingwell. Site 20 is located on the west side of Jefferson between Market and Pine. The neighborhood shopping center site will be accessible from Laclede and Compton.

Topography and Facilities For all of these new commercial sites, topography is generally favorable and all utilities will be available. The only development costs which might be incurred will be a nominal amount of grading.

Zoning The proposed zoning for the Olive Street and Pine Street properties will be "H" commercial. This district is a liberal commercial zone which permits, in addition to retail uses, the following:

COMMERCIAL SITES APPRAISED



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Automobile body or fender repair shops
Bakeries
Dyeing and cleaning works
Ice plants
Laundries
Livery stables or riding academies
Milk distributing and bottling plants
Printing shops
Storage warehouses
Tinsmith or sheet metal shops
Wholesale business

No yards will be required and parking regulations will vary according to use. Buildings may be erected to a height generally of 8 stories, or 100 feet. However, this height may be exceeded provided buildings are set back 1 foot for each 5 feet above 8 stories.

In actual practice we believe that the restrictions in the final plan should be more stringent than these zoning restrictions. Height should probably be no more than 3 stories, and certain of the permitted uses such as automobile body shops, ice plants, livery stables, and sheet metal shops should be prohibited.

Description of Individual Sites

Sites 1 and 2 are located in a high-value block on Lindell Boulevard, near Grand. Site 1 is approximately 98 x 127 feet, and site 2 is a small lot fronting $21\frac{1}{2}$ feet x 142 feet depth. These sites might logically be absorbed by the existing commercial uses which will be left in this frontage.

Site 3 is a corner lot fronting approximately 60 feet on Olive and 136 feet on the east side of Channing.

Sites 4 and 5 are located on opposite corners of the intersection of Olive and Compton. Site 4 fronts 80 feet on Olive and 136 feet on the west line of Compton. Site 5 fronts approximately 197 feet on Olive and has

an average depth along the east line of Compton of approximately 130 feet.

Site 6 is located at the corner of Olive and Leffingwell, which has a wide frontage of approximately 214 feet and a shallow depth of 91 feet.

Site 7 is located on the south side of Olive in the block between Beaumont and Leffingwell. This interior lot has a frontage of approximately 113 feet and a depth of 91 feet.

Site 8 is most of the interior of the frontage between Jefferson and Beaumont, which fronts approximately 326 feet on Olive, with a depth of approximately 58 feet, which is exceedingly shallow.

Site 9 is located at the high-value intersection of Jefferson and Olive. However, it is a residual piece left from the future widening of Jefferson, and fronts only 20 feet on Olive and 69 feet on the east side of Jefferson. Its width along the alley will be approximately 35 feet.

Site 10 will be the vacated portion of 23d Street at Olive. Its frontage will be 60 feet, with a depth of 69 feet.

Site 11 will be situated at the southwest corner of Olive and the proposed north-south expressway. Its frontage will be 160 feet on Olive, with a depth of 69 feet.

Site 12 is a small piece fronting 65 feet on Olive Street and 69 feet on the east side of 22d Street or the proposed north-south expressway.

Site 13 is near the center of the block between 20th and the expressway, fronting approximately 110 feet on Olive, with a depth of 69 feet.

Site 14 is located on the north side of Pine Street, fronting 400 feet on Pine, with a depth along the west side of 20th Street of 109 feet.

Sites 15 and 16 are on the north side of Pine Street and comprise nearly all of the frontage between Jefferson on the west and the express-

way on the east. Site 15 is 60 feet x 109 feet in depth, while site 16 has 710 feet frontage with the same depth.

Site 17, located on the north side of Pine between Jefferson and Beaumont, has a 405-foot frontage on Pine and a depth on the east side of Beaumont of 120 feet.

Site 18 is located at the northwest corner of Beaumont and Pine and is irregularly shaped. Its dimensions are approximately 175 feet on Pine, with an average depth of about 115 feet.

Site 19 is a small lot on the south side of Pine, west of Beaumont. It fronts 50 feet on Pine, with a depth of 131 feet, and adjoins the new school site.

Site 20 is a large irregular tract with its principal frontage on the west side of Jefferson between Market and Pine. It has an irregular depth, with 150 feet on Market, 195 feet on Pine, and with a varying depth in between.

Site 21 is a square tract containing 5 acres at the northeast corner of Compton and Laclede, and will be surrounded by residential uses.

The Comparative Approach for Valuation of Commercial Sites

In appraising commercial sites, the primary factor is location. For this reason, in our search for market data to use as a basis for valuation of the Olive, Lindell, Pine, and Jefferson frontages, we restricted our efforts to the immediate vicinity. In our opinion, the only meaningful sales or asking prices of commercial property would be on the above-mentioned streets in close proximity to the subject sites.

Following are some of the indicated sales and asking prices of commercial sites which were considered in arriving at a fair market value for the subject sites by the comparative approach.

Comparable Sales - Commercial

Data	Remarks
Address: 2612 Locust Lot size: 125' x 134' 8" Lot area: 6,730 square feet Sales price: $16,000 Unit price: $0.95 per square foot Date of sale: January 1951	This parking lot is located 1 block north of Olive, and is not quite as favorably situated as most of the subject sites.
Address: 2710 Locust Lot size: 50' x 134' 8" Lot area: 6,730 square feet Sales price: $9,500 Unit price: $1.41 per square foot Date of sale: October 1952	This lot is located 1 block north of Olive, and was acquired for parking. It can be considered to have a location as good as some of the subject sites.
Address: 2700-08 Olive Lot size: 100' x 91' Lot area: 9,100 square feet Sales price: $22,000 Unit price: $2.42 per square foot Date of sale: December 1951	This property is located within the project area and is used for parking. The unit price reflects the shallow depth. Based on a standard depth of 125', this unit price would be $2.12 per square foot.
Address: 2750 Olive Lot size: 80' 3" x 91' Lot area: 7,300 square feet Sales price: $16,000 Unit price: $2.19 per square foot Date of sale: March 1949	This property is located within the project area. Adjusting its unit price to the standard depth results in an indicated price of $1.92 per square foot.
Address: 2820 Olive Lot size: 41' x 91' Lot area: 3,730 square feet Sales price: $8,000 Unit price: $2.14 per square foot Date of sale: August 1955	This property is located within the project area. Adjusting the unit price to a standard depth results in a figure of $1.83 per square foot.

Data	Remarks
Address: 2824 Olive Lot size: 50' x 91' Lot area: 4, 550 square feet Sales price: $6, 500 Unit price: $1. 43 per square foot Date of sale: April 1952	This property is also located within the project area. Adjusting the unit price to a standard depth results in a figure of $1.27 per square foot.
Address: 2817 Pine Lot size: 100' x 131' Lot area: 13, 100 square feet Sales price: $7, 500 Unit price: $0. 57 per square foot Date of sale: January 1951	This lot is located behind the Olive Street frontage within the project area. Its Pine Street location is inferior to the Olive Street frontage.
Address: 3042 Olive Lot size: 66' x 81' 4"/73' Lot area: 5,080 square feet Sales price: $12,000 Unit price: $2. 34 per square foot Date of sale: February 1951	This corner lot is located within the project area. Adjusting the unit price to a standard depth results in a figure of $1. 89 per square foot.
Address: N. W. corner Olive & 15th Lot size: 50' x 106' 4" Lot area: 5,315 square feet Sales price: $22,000 Unit price: $4. 14 per square foot Date of sale: July 1951	This corner lot is located closer to the downtown district than the subject sites. Adjusting the unit price to a standard depth indicates a land value of $3.83 per square foot.
Address: S. E. corner 17th & Pine Lot size: 61' x 109' Lot area: 6, 600 square feet Sales price: $19,000 Unit price: $2. 85 per square foot Date of sale: May 1952	This corner property is located within the first redevelopment project area. It is closer to the downtown district. Adjusting the unit price to a standard depth results in a figure of $2. 69 per square foot.

Data	Remarks
Address: N. W. corner 16th & Olive Lot size: 99' x 106' Lot area: 10, 495 square feet Sales price: $42, 000 Unit price: $4. 00 per square foot Date of sale: September 1950	This corner lot has a superior location to most of the subject sites, being closer to the downtown district. Adjusting the unit price to a standard depth results in a figure of $3. 70 per square foot.
Address: North side Chestnut, between 19th & 20th Lot size: 338' x 109' Lot area: 36, 840 square feet Sales price: $79, 000 Unit price: $2. 14 per square foot Date of sale: February 1951	This property is located in the first block east of the project area. Its sales prices include factors for assemblage and location for parking. Adjusting the unit price to a standard depth results in a figure of $2. 00 per square foot.
Address: The Old Coliseum site Lot size: 201' 10" on Washington; 291' 4" on Jefferson; 148' on Locust Lot area: 49, 730 square feet Sales price: $150, 000 Unit price: $3. 00 per square foot Date of sale: April 1955	This property is located 1 block north of the project area. Over an acre in size and having three major frontages, this site is especially valuable for the new bank which has been constructed on it.
Address: 2016 Chestnut Lot size: 19' 7" x 73' 3" Lot area: 1, 435 square feet Sales price: $5, 000 Date of sale: 1955	This property is located within the project area. Adjusting the unit price to a standard depth results in a figure of $2. 80 per square foot.

Data	Remarks
Address: 2223 Pine Lot size: 48' x 109' Lot area: 5,232 square feet Sales price: $5,750 Unit price: $1.10 per square foot Date of sale: February 1952	This property is located within the project area and was purchased primarily for parking. Adjusting the unit price to a standard depth results in a figure of $1.03 per square foot.
Address: 2336-38 Chestnut Lot size: 83' 6" x 73' Lot area: 6,096 square feet Sales price: $8,500 Unit price: $1.39 per square foot Date of sale: August 1950	This lot is located within the project area. Adjusting the unit price to a standard depth results in a value of $1.12 per square foot
Address: 2128-36 Market Lot size: 180' x 102' Lot area: 18,360 square feet Sales price: $27,500 Unit price: $1.50 per square foot Date of sale: April 1952	This service station site was purchased within the project area. Adjusting the unit price to a standard depth results in a figure of $1.36 per square foot.

In using the above market data we have considered each sale's location, depth, width, topography, and environment, as well as the date of sale. The subject commercial sites, in our opinion, have a wide range of values, based on the factors discussed in the foregoing section and on the above data. It must be remembered that the new commercial sites which will be available will have an added attraction over competing sites due to the elimination of undesirable surrounding properties, tax advantages contained in the redevelopment law, and to the fact that new commercial uses along with new residential and industrial areas will enhance their locational values.

In computing the appraised value of the subject commercial sites, we have assigned unit values for the various frontages based upon the com-

parable sales. These unit values were then adjusted for depths which varied more or less from a standard 125-foot depth. Also, on corner locations we have added factors for corner influence, which is stated as being a certain percentage of the value of the side streets multiplied by the width of the lot on the main street.

On the following pages are our concluded fair market values by the comparative approach for the various commercial sites as identified on the site plan. Total value concluded for the commercial sites is $1,015,000.

Income Approach to Valuation of Commercial Sites

The land residual technique, as used in the residential reuse appraisal, is the approach which has been used to determine the fair market value of the commercial properties by the income method. Again we have selected a typical site and have constructed a hypothetical building with assumed rentals.

Rather than use the approach on each individual site we have selected a hypothetical lot with 100-foot frontage on Olive Street with a depth of 135 feet in one of the blocks which has a value of $250 per front foot as concluded by the comparative approach. From this base, then, estimates of values for other frontages can be made.

A modern 1-story store or office building with dimensions of 100 feet by 110 feet has been used as the hypothetical building. This structure would be an above-average building with basement. We have assumed parking in the rear from an alley for approximately 12 cars. Total construction costs are estimated to be $9.00 per square foot, or $99,000 (11,000 square feet x $9.00). Using the unit value of $250 per front foot results in a total land value of $25,000 and a total development cost of $124,000.

For this location based on comparable rents obtained in the immediate vicinity we have assumed an annual rental of $1.20 per square foot. Since this figure is all-important to the land residual approach, a few of the comparable rentals used are listed on page 150.

CONCLUDED VALUES - COMMERCIAL SITES

Site	Approximate Size	Unit Value (fr. ft.or sq. ft.)	Depth Factor	Corner Influence	Computation	Total Value
#1	98'x138'	$500 or $4	1.06	None	500x1.06x98 = 51,940	$ 51,950
#2	21.5'x142'	$500 or $4	1.06	None	500x1.06x21.5 = 11,395	11,400
#3	60'x136'	$250 or $2	1.05	40% x $60	250x1.05x60 = 15,750 .40x$60x60' = 1,440	17,200
#4	80'x136'	$250 or $2	1.05	40% x $60	250x1.05x80= 21,000 .40x$60x80'= 1,920	22,925
#5	197'x139/121	$250 or $2	1.03	40% x $70	250x1.03x197 = 50,725 .40x$70x100' = 2,800	53,525
#6	214'x91'	$250 or $2	.83	50% x $80	250x.83x214 = 44,405 .50x$80x100'= 4,000	48,400
#7	113'x91'	$300 or $2.40	.83	None	300x.83x113 = 28,137	28,150
#8	326'x57'	$350 or $2.80	.63	None	350x.63x326 = 71,883	71,875
#9	20/35x69'	$400 or $3.10	.71	60%x$200	400x.71x20 = 5,680 .60x$200x20'= 2,400	8,075
#10	60'x69'	$375 or $3	.71	None	375x.71x60 = 15,975	15,975
#11	156'x69'	$375 or $3	.71	60%x$100	375x.71x156 = 41,535 .60x$100x100' = 6,000	47,525
#12	65'x69'	$375 or $3	.71	60%x$100	375x.71x65 = 17,306 .60x$100x65' = 3,900	21,200
#13	110'x69'	$375 or $3	.71	None	375x.71x110 = 29,288	29,300
#14	400'x109'	$250 or $2	.94	60%x$100	250x.94x400 = 94,000 .60x$100x100' = 6,000	100,000
#15	60'x109'	$150 or $1.20	.94	60%x$100	150x.94x60 = 8,460 .60x$100x60' = 3,600	12,050

Site	Approximate Size	Unit Value (fr. ft. or sq. ft.)	Depth Factor	Corner Influence	Computation	Total Value
#16	710'x109'	$175 or $1.40	.94	60%x$200	175x.94x710 = 116,795 .60x$200x100' =12,000	128,800
#17	405'x120'	$100 or $.80	.98	50%x$80	100x.98x405 = 39,690 .50x$80x100' = 4,000	43,700
#18	175'x120'	$100 or $.80	.98	50%x$80	100x.98x175 = 17,150 50%x$80x100' = 4,000	21,150
#19	50'x131'	$100 or $.60	1.03	None	100x1.03x50 = 5,150	5,150
#20	480 irreg.	$175 or $1.40	1.00	60%x100 60%x200	175x1.00x480 = 84,000 .60x100x100 = 6,000 .60x200x100 = 12,000	102,000
#21	5 acres @ $.80 per square foot (Includes corner influence, depth and assemblage)					174,250
					Total - Commercial Sites	$ 1,014,600
					Call	$ 1,015,000

The southwest corner of Cardinal and Olive Streets is a modern building with a floor area of 12, 700 square feet. Under a 15-year lease, the annual rental is $1. 20 per square foot.

At 3540-48 Lindell a modern automobile agency rents for $1. 33 per square foot on a 15-year lease.

At 3515 Pine a building with 5, 800 square feet rents for approximately 62¢ per square foot.

At 3432 Lindell an older building, containing 5, 800 square feet, rents for 72¢ per square foot.

At the southwest corner of Jefferson and Olive a retail store rents for over $3 per square foot on a 5-year lease with a 5-year option.

At 2601 Pine a floor area of 11, 500 square feet rents for approximately 86¢ per square foot.

A group of retail stores on Jefferson between Olive and Pine Streets rents for an average of $1. 23 per square foot.

At 2329 Pine Street a floor area of over 6, 100 square feet rents for 72¢ per square foot.

At 2123-35 Pine Street, almost 13, 000 square feet rent for approximately 87¢ per square foot.

At 3136-50 Olive Street approximately 5, 800 square feet rent for $1. 24 per square foot.

At 3234-38 Olive Street approximately 2, 100 square feet in an older building rent for $1. 45 per square foot on a 10-year lease.

These and other available rentals indicate the relative land values of the various commercial frontages. Since ground value is directly related to the potential rents from first floor space, it was important to review the range of rentals in the blocks being appraised.

As stated above, a square foot rental of $1.20 is concluded for the hypothetical situation used in this approach. On the accompanying work sheet is shown the method used in this income approach. We have estimated vacancy at 3% and an economic life of 40 years. Capitalization rates are estimated for the building, 7%, and for the land, 6%. Full taxes of $1,620 were used in deriving total property expenses of $3,900. In capitalizing the worth of the improvements at $99,000, we have used an Inwood coefficient to obtain an annual return of $7,425 for the building. Deducting this amount from the average net return of $8,900 shows a residual net return to the land of $1,475. Capitalizing this at 6% results in a value of $24,585 which corresponds to the value concluded by the comparative approach of $25,000. From this basis we then checked the reasonableness of the values concluded for all of the sites, using estimated rentals for the various frontages.

In summary, the hypothetical approach used in this section plus the comparable rentals considered indicate that the values concluded by this method would be substantially the same as those concluded by the comparative approach.

Valuation of Tax Concession

One of the most difficult problems which we have encountered in appraising the commercial land is that of attributing a value to the tax concession offered by the Urban Redevelopment Corporations Act of the State of Missouri. It is our opinion that it was the intent of this law to provide an inducement for redeveloping agencies in the clearing of slum districts. As we have pointed out in previous sections, with the character of the areas which are redeveloped and offered for private housing, such an inducement is for the most part not only appropriate, but quite necessary. For this reason in the reuse appraisal of the residential properties to be

Olive Street - Commercial

APPRAISAL WORK SHEET — IV

Appraisal - Income Basis

Address of Property Mill Creek Valley

TOTAL RENTS INCLUDE THE FOLLOWING IN ADDITION TO POSSESSION AND OCCUPANCY

Cold Water	[ ]	Heat	[ ]	Furniture & Furnishings	[ ]
Hot Water	[ ]	Air Conditioning	[ ]	Linens, Dishes, Silverware	[ ]
Use of Laundry Space	[ ]	Janitor Service	[ ]	Maid Service	[ ]
Locker Space	[ ]	Mechanical Refrigeration	[ ]	Laundry Service	[ ]
Electricity	[ ]	Gas Stove	[ ]	Elevator Operators	[ ]
Gas	[ ]	Resident Manager	[ ]	Doorman	[ ]

RENTALS AFTER DEDUCTING ENTERPRISE FEATURES

Estimated [ ] Present [ ]

Stores and Loft Space		Dwelling Units			
11,000 s.f.@	$		$		$
1.20	13,200				
Monthly Rent	$	Monthly Rent	$	Monthly Rent	$
Annual Rent	$ 13,200	Annual Rent	$	Annual Rent	$
Annual Vacancy	$	Annual Vacancy	$	Annual Vacancy	$

ASSUMED BASIS OF APPRAISAL FROM FUTURE NET INCOME

Estimated Percentage of Present Rents to Future Level: Stores 100% Dwelling Units

Estimated Percentage of Average Future Occupancy: Stores 97% Dwelling Units

Estimated Remaining Economic Lives: Stores 40 yrs. Dwelling Units

Estimated Period Until Pres. Rents Return to Est. Fut. Level: Stores Dwelling Units

Estimated Rates of Return On: Improvements 7 %, Land 6 %; Leasehold %

Average Expense of Matured Property		
Janitor		
Utilities		
Heat & Vent.		
Management 5%	640	
Elevators		
OPERATING EXPENSE		$ 640
General Bldg.	$ 620	
Tenants Space	620	
Mech. Equip.		
MAIN. & REPR. EXPENSE		$ 1240
Taxes	$ 1620	
Insurance	400	
Fees		
FIXED EXPENSE		$ 2020
TOTAL PROP. EXPENSE		$ 3900

Present Annual Rent		% Future Level		% Occupancy	Effective Gr. Income
Stores	13,200	÷ 97	x	100	$ 12800
Offices		÷	x		
Dwellings		÷	x		
Garages		÷	x		
		÷	x		

TOTAL EFFECTIVE GROSS ANNUAL INCOME		$ 12,800
Average Annual Property Expense		$ 3,900
Annual Net Return Before Interest, Depreciation & Amort'n.		$ 8,900
Net Return to Land	$1475	
Net Return to Improvements	$7425	
Worth of Land 1475 ÷ 6	$24585	
Worth of Improvements 7425 x 13.332	$99000	
Value of Land & Improvements		$ 123,585
Loss Gain Present to Future Income ___ Years	$	
Loss Gain Unbalanced Taxes	$	$

APPRAISED VALUE (Present Worth)	$ 123,585
Market Variable ___ Addition [ ] ___ Deduction [ ] ___ None [ ]	$
Market Value After Repairs	$
Necessary Repairs (See Sheet III)	$
APPRAISED MARKET VALUE call	$ 124,000

CODE: G-GOOD GA-GOOD TO AVERAGE; A-AVERAGE; AP-AVERAGE TO POOR; P-POOR

offered in the Mill Creek redevelopment project, the tax advantages were evaluated and included as a part of the total value of the property.

In the case of commercial and industrial properties, however, it is our opinion that there will be a market for the properties without a special inducement of this nature. Excluding from initial consideration any value accruing to the tax concession, we have tried to ascertain the market value of these properties as determined by their competitive position in the open market. Having done this, careful deliberation was given the question of whether or not a value could be assigned to these tax concessions. In summary, it can be stated that, while we deem it entirely possible that some value will be attached in the open market to the tax concessions, it would be unwise for us to assign a specific value in the reuse appraisal of these properties.

In arriving at this conclusion we have tried to evaluate the factors weighing on each side of the scale. We first considered the positive side - that is, that there will be value derived from the tax concession. There seems to be little doubt that the present assessment of the land which will go to make any redevelopment parcel is considerably less than the assessed value which would be given the redeveloped parcel with the new structure placed thereon. This differential will, of course, vary based on the location of the redevelopment parcel. A site containing a high percentage of Market Street frontage, for instance, would show a much lower differential, due to the higher assessments now carried by that land, than a site located, for instance, in the region of Bernard and Ewing. It can be safely stated, however, that there would be a worthwhile tax saving in every instance. The more intensive the development of the site (after redevelopment), the larger this saving would be.

The initial tax saving based on this differential operates for the first 10 years of the existence of the improvements of the redeveloped parcel. During the succeeding 15 years, the law supposedly guarantees a further saving which is to be based on an assessment of one-half the normal assessment which would be assigned to the improved property by the assessor. The language of the law appears to be a bit vague in this regard,

inasmuch as present assessments in the city of St. Louis are in the vicinity of 40% of full value. It is our understanding that the law does not indicate in a precise manner that a 50% tax saving is to be guaranteed, no matter what the level of assessments prevailing in the community involved. However, it might well be assumed at this time that from the tenth to the twenty-fifth year after the construction of the improvements, a redevelopment parcel could expect to carry only one-half the normal amount of real estate taxes.

If one uses a hypothetical structure, it is possible, by capitalizing this tax saving on an annuity premise, to show a unit value accruing to the land from the tax concession of as much as 40% of the apparent market value of the property without consideration of the tax concession. Again it should be added that this percentage depends, first, on the intensity of the development of the ground, and, secondly, on the present value of the land in the eyes of the city assessor.

Turning next to the other side of the case, we have considered those arguments militating against the determination of a specific value of the tax concessions. While there are many side issues which could be introduced, we have boiled these down to six basic arguments which we are summarizing below, with brief comments on each.

1. Lack of competitive demand. This, of course, is the overwhelming factor, since the lack of buyer interest would nullify any inclination to pay an additional sum over normal market value for the possible return accruing from the tax concession. In this instance, demand must be considered in the light of effective demand, particularly where the superblocks are concerned: that is to say, the large investment involved in the purchase of one or more superblocks would rule out many potential bidders. As previously stated, however, it is our general feeling that there will be a good demand for the commercial properties, and probably a brisk demand for the industrial properties.

2. Cost of setting up a redevelopment corporation. This argument applies particularly to those situations where the ultimate user might consider setting up a corporate entity for the sole purpose of buying the land, constructing the building, and leasing the property to said ultimate user, all for the purpose of obtaining the tax concession. This point would not apply in the case of a redevelopment corporation formulated for the express purpose of developing all or a large portion of the project.

3. The indefinite aspects of the tax saving. Again this refers back to the point previously made concerning the very indefinite nature of the tax concession. The size of the tax saving would be determined by the value of the improvements placed on the ground and the present assessment on the land.

Further, there is the question as to the interpretation of the law with regard to the 50% tax saving applicable from the eleventh to the twenty-fifth year. Also, there is always the question as to the legality of the overall tax concession program. Also to be considered under this heading is the interpretation of the law as to whether or not the tax concession could be obtained by the ultimate user through the setting up of a corporate entity specifically designed for this purpose.

4. The possibility that the developer could make an 8% return without the tax concession. This point would depend on the situation more or less converse to that pictured in number 1. Also, this point would apply only to large-scale developers. This would assume a situation in which the demand for the ground was so great that in disposing of the ground after redevelopment, the developer could obtain an 8% profit margin for his activities without resorting to the tax concession. Following this line of thinking, a utilization of the concession would thereby result in a profit higher than the maximum allowed under the law. A partial rebuttal to this argument might lie in the padding of expenses. This situation could

only apply to a lease-type setup, and in such an arrangement a management fee would probably be an allowable expense, thus contributing to a net return that would be above the so-called "maximum" figure.

5. Many business firms, particularly the public relations-conscious "big" corporations, will not accept tax concessions. These concerns share the opinion that the cost of a tax concession in terms of ill will may far outweigh the actual dollars and cents received through the concession. It is their feeling that in order to have a voice in the community affairs and the government of the community as it affects their operations, it is necessary that they "pay their way," paying no more than their rightful tax load but, on the other hand, paying no less. There is some question, also, that business firms would be willing to create a corporate entity for the express purpose of buying the land, constructing the building, and leasing it to the parent firm if said corporate entity is to be subject to continuous government investigation in connection with the 8% maximum profit provision.

6. The inherent risk in an investment based on future return stemming from a tax concession. This is more or less a summation of the previous five points. On the other hand, there is an additional factor to be considered. For the developer to assume that this investment, i. e., the present worth of future tax savings, could be passed on to future owners and tenants would require a high degree of speculation. The developer's risk is sufficiently large under normal operations, without the assumption of a highly speculative item of this nature.

The values shown under this heading and in that to follow covering industrial properties exclude any consideration of the value of the tax concession. Should the competition for the sites be so intense as to elicit a large number of bidders, it is entirely possible that a surplus value will accrue to the tax concession. The authority should remain alert to this possibility in presenting the project to potential developers and in reviewing the bids received.

Appraisal of Industrial Areas

The fundamental approach in evaluating the industrial properties set forth in the Mill Creek Valley redevelopment project is similar to that outlined in the appraisal of the residential properties.

In appraising the industrial properties, particular emphasis must be placed on the comparative approach. There is little information available concerning the leasing of modern 1-story industrial plants. There is even less information available of this nature when applied to the planned industrial development. However, after square foot values have been determined by the comparative approach, these values will be substantiated by the investment or capitalization approach through the use of a hypothetical installation.

Basic Assumptions In view of the rather incomplete nature of the redevelopment plan as it applies to industrial properties, we have had to make certain basic assumptions in the appraisal of these properties for reuse:

1. It is assumed that all utilities, sewers, streets, will be provided as shown in the plan, including the access streets made necessary by the construction of the two expressways.

2. That the situation of utility easements will not be such as to prevent the efficient utilization of the ground designated for industrial use.

3. That rail facilities will be provided to parcels I-4, I-5, I-7, I-9, I-10, I-11, I-12, I-14, I-15, I-16, I-17, and I-18 (see map on page 159). We are assuming that it will be the responsibility of the developer of superblocks such as I-11 and I-12 to bear the cost of the rail line through the center of the superblock, with others (Terminal Railroad and/or the Redevelopment Authority) to bear the cost of bringing the rail facilities to the edge of each superblock.

4. It is assumed that sufficient restrictions will be placed on the development to assure its stature as an attractive, well-planned industrial community, but that no restriction will be placed on the property that will preclude its use on a sensible economic basis.

5. For reasons which were covered at considerable length in the reuse appraisal of the commercial properties, it is deemed impossible, in the case of industrial property, to attach a definite value to the tax concessions which may be available to redevelopment corporations under the Missouri law. The value achieved will be the market value of the land without consideration of any possible tax concession.

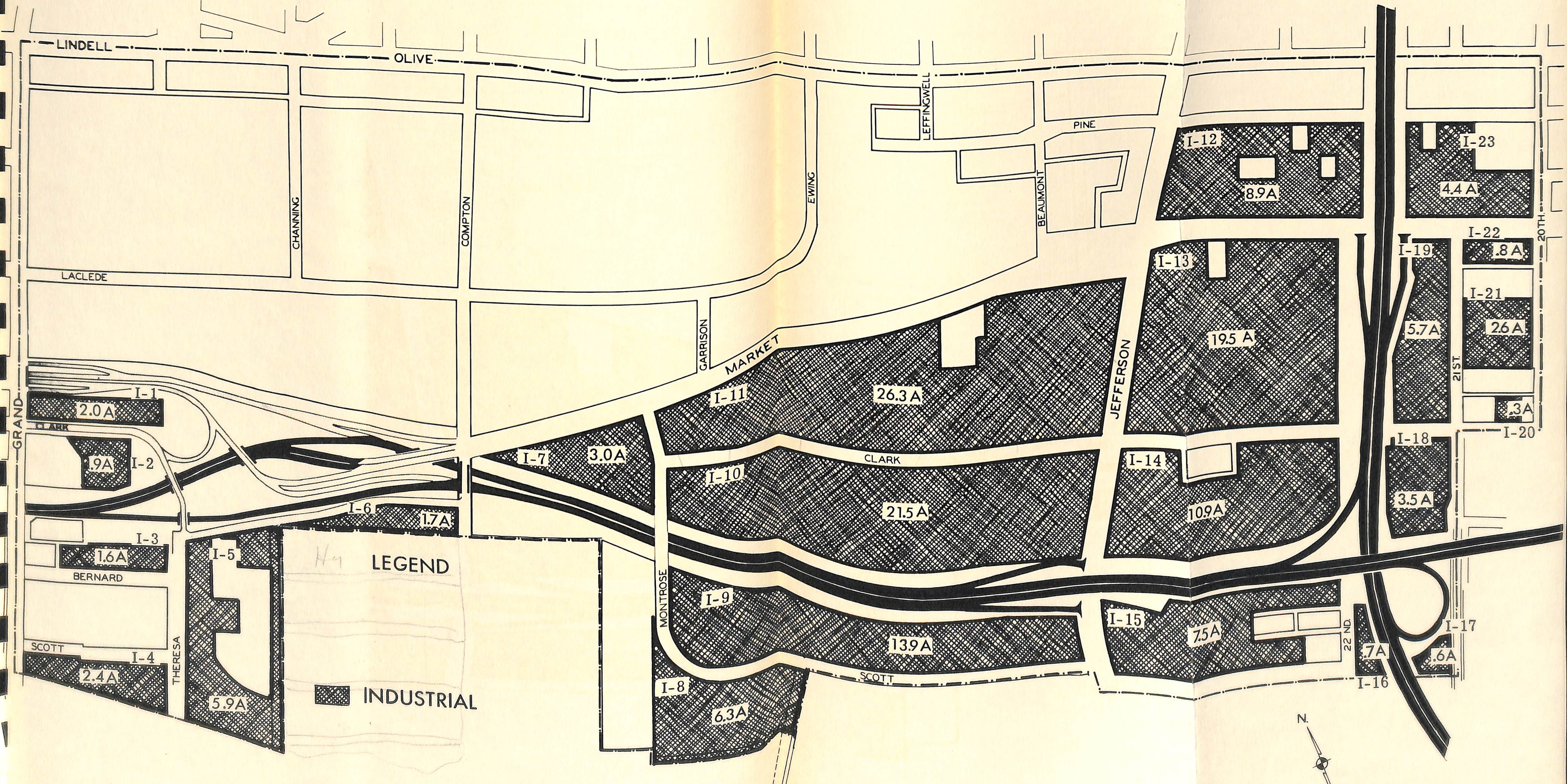
Property to Be Appraised

The map on the following page shows the various parcels to be made available for industrial use in the redevelopment program. There are 23 such parcels as we have delineated them, varying in size from .3 acres to 26.3 acres. In each case the area shown is the net area after the omission of any parcels which are to be excluded from the taking. The area is not, however, necessarily the net usable acreage, as allowance has not been made for streets and rail rights-of-way in the various superblocks. There follows a list of the various sites with a brief description of each.

I-1: This site is bordered on the south by Clark Avenue, on the north by the Grand Avenue interchange of the extension of Forest Park Boulevard, by Grand Avenue on the west and the Clark Avenue cutoff on the east. It contains 2 acres of ground. It is of such proportions that it will lend itself easily to development. Minimum development costs will be necessary after all street improvements called for by the redevelopment plan have been made. The site will not be served by rail. It should be added that the site has considerable advertising and commercial value because of the Grand Avenue frontage.

I-2: This site is bordered by Clark Avenue on the north and by the proposed Daniel Boone Expressway on the south. The Clark Avenue cut-

INDUSTRIAL SITES APPRAISED



off to Theresa is on the east, while the present Western Machinery and Engine Company lies to the west. The site contains .9 of an acre, and is similar to I-1 in every way except that the commercial value is greatly reduced due to the fact that there is no Grand Avenue frontage. Some advertising value may be attributed to the presence of the Daniel Boone Expressway to the south.

I-3: This site lies at the northwest corner of Bernard and Theresa. It contains 1.6 acres and, like I-1 and I-2, is suitable for immediate development at minimum cost. While the property lies 15 feet or so below the level of Grand Avenue and Market Street, this fact should not detract measurably from its value as an industrial site. This site will probably not be served by rail facilities.

I-4: This tract, including 2.4 acres, is situated at the southwest corner of Scott and Theresa, and backs up to the railroad yards to the south. The description of this site is much the same as for I-3 except that this site will be served by rail facilities.

I-5: This site is very irregular in shape and appears to be the residue of several blocks after certain key properties have been excluded. A major part of the site, which totals 5.9 acres in size, can be developed at minimum cost. Included in this acreage, however, is a strip of land which represents the present Ranken Street. It would seem probable that this strip will not be marketable and will probably be continued in its present use. The portion of this site fronting on Theresa and also that fronting on the rail yards to the south will be served by rail spur.

I-6: This is an irregularly shaped tract including 1.7 acres. It is comprised for the most part of residue after the highway taking. Part of the site forming a sharp triangle (the western end) is virtually worthless. The site is bordered on the north by an access thoroughfare running west from Compton, by Compton Street on the east, and by the railroad yards on the south. The tract may have some advertising value due to its proximity to the Daniel Boone Expressway. It will undoubtedly be served by rail and, further, it can be considered in that group of sites requiring minimum development cost.

I-7: This is a triangularly shaped tract having approximately 3 acres of ground. This is bordered by Market Street on the northwest, Montrose on the east, and the Daniel Boone Expressway on the southwest. It is well situated as far as topography and access are concerned, and could be developed with a minimum of development cost. The only drawback to this site is the loss in value of the area included in the sharp point at the west end of the tract. Perhaps the best approach in the development of this parcel would be to divide it into two or three sites with the property lines running from north to south. The apex of the triangle to the west might conceivably be used as a filling station site if such a use is to be permitted in the redevelopment program. This site will have a very high degree of advertising value due to its strategic position with regard to Forest Park Boulevard, the Daniel Boone Expressway, and Market Street. It will not be served by rail facilities.

I-8: This site includes 6.3 acres and adjoins Scott Avenue to the south at the intersection of Montrose. It is bordered on the two sides by railroad tracks and on the west by Terminal property. While the property lies rather low, this should not detract from its value. It will be served by rail facilities and the development costs will be somewhat higher than for the seven sites previously described, but will not be at the maximum rate.

I-9: This is a 13.9-acre piece of ground running all the way from Montrose to Jefferson, bordered by Scott on the south, and the Daniel Boone Expressway on the north. At the present time much of this tract is situated from 8 to 12 feet above street level on the Scott Avenue grade. To what extent this detracts from the value of the property will depend on the amount of grading that is done in the positioning of the expressway. It is entirely possible that this situation will be improved by this construction project. It would appear at the present time that development costs will be at or near the maximum figure (to be cited in a later section). This site will definitely be served by rail. Some advertising value may accrue because of the presence of the Daniel Boone Expressway.

I-10: This is the first of the true "superblocks," and contains 21.5 acres of ground. It is bordered by Montrose Avenue on the west, Jeffer-

son on the east, Clark Avenue on the north, and the crosstown expressway on the south. This ground is quite well situated topographically and will be served by rail. Because of the necessity of running the rail line the full length of the tract and the probable need for access streets, development costs will be at or near the maximum figure. Some advertising value may accrue because of the presence of the Daniel Boone Expressway.

I-11: This, the second of the major superblocks, embraces 26.3 acres of land. Situated immediately north of parcel I-10, this tract has Market Street as its northern boundary and Clark Avenue as its southern boundary. It lies between Montrose on the west and Jefferson on the east. The analysis of this tract should be very much the same as that for I-10, except that the advertising value is greater at this location. In the case of I-11, there will be a definite need for certain access streets. One property, the Independent Fish cold storage warehouse, now situated in this block, will remain.

I-12: This parcel includes 8.9 acres of ground and is situated near the northeast corner of the development. It is bordered by Jefferson on the west, the proposed 22d Street crosstown expressway on the east, Pine Street on the north, and Market Street to the south. Three properties which are now in use will remain. This site will not be served by rail facilities and will probably have its greatest appeal to semicommercial or industry-distributive type operations. It should be fairly easily developed at minimum cost, the only complicating factor being the rather unusual situation of two of the properties which are to remain in the project. The various frontages of this tract have a high degree of advertising value because of the vehicular traffic flow.

I-13: This tract of ground is bordered by Jefferson on the west, the 22d Street expressway to the east, Market Street on the north, and Clark on the south. It comprises 19.5 acres, and one small property situated on Market Street will remain in its present use. This tract is well situated topographically, has a fair degree of advertising value, and is to be served by rail. Because of the need for access streets and a main line rail spur, development costs will be at or near the maximum figure.

I-14: This parcel is cradled between the two expressways - the Daniel Boone to the south and the crosstown to the east. It is bordered by Clark Avenue on the north and Jefferson on the west. It is comprised of 10.9 acres, which area excludes the city garage now situated on Clark Avenue, which will remain after the taking. The site may be considered to have fair advertising value, is situated satisfactorily, as far as topography is concerned, and will be served by rail. Development costs will be average, as it is probable that an access street will not be required.

I-15: This redevelopment parcel includes 7.5 acres of ground, and is situated between Jefferson on the west, 22d on the east, the Daniel Boone Expressway to the north, and Scott Avenue to the south. There are at present two truck terminals and a fair sized industrial property that will remain after redevelopment. The remainder of the tract will be served by rail, and should be developed at an average to below-average cost. The site has some advertising value.

I-16: This is a very small parcel consisting of only .7 acre. It is a residual piece lying between 22d Street and the crosstown expressway, left by the acquisition of the right-of-way for the expressway. This piece could be developed as a single site and can be served by rail.

I-17: This piece is very similar to I-16 except that it contains only .6 of an acre and lies east of the expressway instead of to the west. It is more or less in the shadow of the 21st Street viaduct and, compared to some of the other parcels listed above, does not constitute as desirable a location. It will have rail facilities.

I-18: This piece of ground is also cradled by the expressways - the Daniel Boone to the south and the crosstown to the west. Clark Avenue borders the property on the north and 21st Street on the east. The tract has 3.5 acres. It should be easily developed at minimum cost, but will probably not be served by rail.

I-19: This parcel, situated immediately to the north of I-18, is bordered on the west by the crosstown expressway, on the east by 21st Street,

on the south by Clark, and on the north by Market. It includes 5.7 acres. As in the case of I-12 and those parcels to follow, this parcel, because of its proximity to the downtown area and the Market Street frontage, will probably have the greatest appeal for the small distributive type commercial operation. Development costs should be at a minimum. This parcel will not be served by rail.

I-20: This is a very small piece of ground including only .3 of an acre. It fronts on Clark Avenue and is situated in the middle of the block between 20th and 21st Streets. It is bordered on the east and west by properties which are now in existence and which will continue in their present use. This parcel will, of course, be disposed of as a single development and will require absolute-minimum development costs. The site will not be served by rail.

I-21: This rectangular piece of ground includes 2.6 acres and lies between 20th and 21st Streets. Across the street to the east is the Union Station and the Union Station parking lot is to the north. The south line of the tract borders on the Railroad YMCA property. This parcel will lend itself very easily to redevelopment and, again, the cost of development should be at an absolute minimum. The site will not be served by rail.

I-22: This rectangular piece of ground includes .8 of an acre and is comprised of the north half of what is now City Block 1697W. While it is small, it faces on Market Street and, therefore, has a high degree of advertising value. It will probably be in demand for the commercial-distributive type operation. There will be no development costs. The site will not be served by rail.

I-23: This parcel is situated at the extreme northeast corner of the project. Of the industrial parcels, this is the closest to the downtown district (8 blocks). A portion of this parcel faces on the Aloe Plaza. After the omission of the two properties now in existence which will remain after redevelopment, there are 4.4 acres of ground involved. This parcel, which was formerly comprised of city blocks 905, 906, 911 and

912, is bordered by 20th Street on the east, the crosstown expressway on the west, Pine Street on the north, and Market Street on the south. It has a high degree of advertising value and should be in considerable demand for commercial-distributive type operations. By subdividing lots from all four streets it should be possible to avoid the necessity of an access street. Consequently, development costs are considered to be at a minimum. This site will not be served by rail.

Comparative Approach

Extensive research has been done in compiling a satisfactory list of comparable sales with reference to industrial property. The list of sales shown on the following pages is a result of considerable sifting to eliminate properties which, for one reason or another, cannot be considered comparable to the Mill Creek Valley. This is not to say, of course, that the sales shown are highly comparable to the proposed Mill Creek Valley project. To the contrary - there is very little to be had in the St. Louis Metropolitan Area that is of a comparable nature.

We have, however, listed the sales of properties which could be said to be compétitive from the standpoint of location and facilities offered. As is right and proper, we have placed special emphasis on certain sales in our selection of a base square foot value. We deem such sites as Chouteau at Grand, the corner of Grand and Market, the area along Southwest Avenue near Kingshighway, the corner of Manchester and Kingshighway, and properties of a similar description to be more comparable than many of the others listed. The points to be considered in evaluating these comparable sales are: 1. general location; 2. size of the site; 3. the surrounding atmosphere real-estate-wise; 4. accessibility to arterial trafficways; and 5. availability of rail facilities.

The list of comparable sales has been divided into sections of the city, the county, and the east side. They are as follows:

St. Louis City - Central

In the city block bounded by Rutger, Hickory, Carr Lane and Theresa, approximately 90,000 square feet of land sold in July 1956 for $1.18 per square foot. This site is an entire city block without rail facilities.

The northwest corner of Grand and Chouteau containing 252,000 square feet was purchased in September 1955 for $1.03 per square foot. This large tract, fronting on Chouteau, is without rail facilities and was purchased for a truck terminal operation. It was one of the few remaining large tracts available in the city of St. Louis.

The southwest corner of Market and Grand is a vacant tract containing 92,000 square feet with rail. The asking price for this site has been $1.15 per square foot. It is located between the western boundary of the project area and the recently built Pittsburgh Plate Glass Company plant.

The southwest corner of Manchester and Kingshighway, containing 145,000 square feet, was sold in 1953 at a rate of $1.15 per square foot. This site, now occupied by A. J. Childs Company, has rail access and was formerly improved with a small old building at the corner, which was razed.

On the south side of Duncan Avenue, east of Taylor, a lot containing 14,875 square feet with a 95-foot frontage was sold for $1.34 per square foot in 1949. This site is also served by rail.

The northeast corner of Clayton and Taylor Avenues, containing approximately 10 acres of ground, sold in 1954 on the basis of $1.00 per square foot. However, there were a building and concrete trestle that were costly to remove. The final sales price indicated for the land was approximately 70¢ per square foot.

On the ok south side of Duncan, between Boyle and Newstead, a site containing 54,000 square feet with rail sold in 1955 at $1.00 per square foot.

On the south side of Clayton Avenue between Hawk and Sarah, 105,000 square feet of ground sold without rail in 1955 at $1.00 per square foot.

The northwest corner of Clayton and Sarah, containing 55,000 square feet, sold in September 1955 for $1.00 per square foot.

Property located on the east side of Grand Avenue along Hickory Street to Carr Lane, containing 17,000 square feet, was sold in 1951 for an indicated price of 88¢ per square foot without rail.

On the south side of Palm, between Hadley and 13th Street, a lot containing 36,750 square feet, not served by rail, sold in March 1956 for 85¢ per square foot. At the present time this property can be leased for 16¢ per square foot and the new asking price of $1.63 per square foot.

Property on Cass Avenue at 17th Street containing 31,500 square feet without rail sold in October 1950 at a price of $1.90 per square foot.

The southwest corner of St. Louis Avenue and Broadway, containing 22,500 square feet, sold in 1952 for $2.00 per square foot.

At the present time there are two tracts totaling 94,700 square feet on both sides of Duncan Avenue west of Vandeventer. The asking price for these properties is $1.54 per square foot.

Property on Papin Street between Jefferson and Ohio was assembled in 1950 for a junk yard at prices ranging from 82¢ to $1.13 per square foot.

The large Handlin tract on the east side of Grand Avenue at Laclede, which is within the project area, was under contract for sale a short time ago at a rate of $1.50 per square foot. This deal was not completed, however, and the property has since changed hands this year at an undisclosed price.

A tract of ground extending from 12th to 13th Street on the south side of Gratiot Street, without rail, sold in March 1950 for 60¢ per square foot. It is now occupied by a truck terminal.

South of the above sale between 12th and 13th Streets, a tract of ground containing 62,700 square feet sold in August 1950 for a reported 87¢ per square foot. This site is without rail and is now occupied by a truck terminal.

At the northwest corner of 13th and Papin a site containing approximately 25,000 square feet sold in July 1950 for 80¢ per square foot. This site is without rail facilities and is also now occupied by a truck terminal.

The City of St. Louis purchased a tract at the northwest corner of 15th and Gratiot in May 1951. This site adjoins the railroad yards, but is above their grade and inaccessible. Approximately 34,300 square feet sold for 72¢ per square foot.

In September 1951 the City acquired 12,500 square feet adjoining the above tract for $1.00 per square foot.

The Union Electric Company acquired 10,000 square feet on Gratiot Street in March 1955 without rail for 85¢ per square foot.

A large tract with rail facilities, containing 160,000 square feet, located at the northeast corner of Kingshighway and McRee, is for sale with an asking price of $1.50 per square foot.

East of the above property on McRee, 150,000 square feet of ground with rail sold in April 1955 for $1.00 per square foot.

Also in this vicinity a 96,000-square-foot site sold recently for 80¢ per square foot with rail.

At the southeast corner of Macklind and Oakland a tract containing approximately 252,000 square feet sold in May 1953 for 90¢ per square foot. This is not believed to be served by rail.

At the southwest corner of Macklind and Oakland, a tract containing 766, 700 square feet sold for 95¢ a square foot. This property is served by rail.

St. Louis City - Southwest

Property at the corner of Eichelberger and Ulena, containing 53, 000 square feet without rail, is advertised for sale at 57¢ per square foot.

At the corner of Gustine and Bingham there is a site containing approximately 70, 000 square feet advertised for sale at 65¢ per square foot without rail.

On Ray Avenue, which is west of Gustine and south of Bingham, approximately 2 acres without rail are advertised for sale at 70¢ per square foot.

A large tract containing some 31 acres, east of Hampton and north of Columbia, is advertised for sale at two rates. The commercial portion along Hampton is quoted at $1. 50 per square foot and the industrial acreage at 80¢ per square foot.

On the west side of Kingshighway, north of McRee, 7 acres of ground served by rail but with poor access were purchased in June 1955 for approximately 50¢ per square foot.

Property near the corner of Bingham and Ray, containing 81, 150 square feet, was sold for a reported 52¢ per square foot in July 1954.

On the east side of Hampton between Wise and Berthold, 147, 850 square feet sold in November 1955 for a reported $1. 60 per square foot.

In March 1956, 25, 500 square feet of ground on Berthold, 125 feet east of Hampton, sold for an indicated $1. 50 per square foot.

Property at the corner of Pierce and West Park, containing 23, 000 square feet without rail, sold in May 1952 for a reported $1. 60 per square foot.

St. Louis City - North

On the east side of North Broadway at Calvary approximately 2 acres of ground without rail have been held at an asking price of 60¢ per square foot. The agent reported this property has just sold at a figure between 50¢ and 60¢ per square foot.

Approximately $4\frac{1}{2}$ acres on Shreve Avenue between Bircher Boulevard and West Florissant are under option at the present time for a figure near 50¢ per square foot. This property is served with rail.

An L-shaped parcel, having frontage on both Natural Bridge and Union, was offered in 1953 at 78¢ a square foot. The total area was slightly less than 20 acres in size.

A large tract containing some 23 acres southwest of the intersection of Goodfellow and Natural Bridge with rail is advertised for sale at a price of 60¢ per square foot.

Approximately $9\frac{1}{2}$ acres of land east of Broadway between Branch and Warren have been for sale for several years, with an asking price of 65¢ per square foot. This property is served by rail.

In the 4100 block of North 2d Street, a site containing 67,000 square feet, with a 10,000-square-foot building, was sold in September 1955. The excess land with rail had received an offer of 75¢ per square foot prior to this sale.

A 10-acre tract at Bircher, Kingshighway and Union was purchased in September 1952 for 97¢ per square foot. This site is served by rail, but part of the tract is 10 feet below street grade.

A site containing approximately 69,000 square feet located in the vicinity of Geraldine and Brown, without rail, was purchased in March 1953 for a reported 73¢ per square foot.

A site, containing 45,375 square feet, on Union between Brown and Margaretta, without rail, was purchased in August 1952 for a reported $1.03 per square foot.

St. Louis County

On Page Avenue there is a tract, with rail, containing 142, 800 square feet, advertised for sale at 50¢ per square foot.

Also on Page Avenue, approximately 20 acres, with very little frontage but considerable rear acreage, along with rail facilities, is advertised for sale at 23¢ per square foot.

On Hanley Road at Folk Avenue, 4 acres with a 4,000-square-foot metal building on the site are advertised for sale at a price of 95¢ per square foot, including the building.

A site, containing 40, 500 square feet, within the Hanley Industrial Court, is advertised for sale at 60¢ per square foot.

Between 500 and 600 East Elliott Street, $2\frac{1}{2}$ acres are advertised for sale at 18¢ per square foot.

Near the intersection of Kingsland and Gay Road a smaller site, containing 20, 000 square feet, has an asking price of $1. 12 per square foot.

A large tract of ground containing $49\frac{1}{2}$ acres on Florissant Road, between the Wabash and Terminal Railroads, has just sold for a price slightly over $5, 000 per acre, or less than 12¢ per square foot.

A 40-acre tract on Woodson Road and the Terminal Railroad in Overland was sold in September 1955 for $10, 000 an acre, or approximately 23¢ per square foot.

In the 1400 block of Kingsland Avenue, 2 acres, with rail, are advertised for sale at 36¢ per square foot.

In a new industrial center, between Lindbergh and Warson Road, over 2 million square feet of ground have been on the market for 50¢ per square foot.

East Side

In Belleville, Illinois, a site containing 62,756 square feet (1.44 acres) sold for $35,000, or 55.8¢ per square foot, on June 30, 1955. This sale was to the Carling Brewing Company.

In East St. Louis, Illinois, in March 1954 a 129,408-square-foot tract near the riverfront was sold to East St. Louis Grain Elevator Company by the Illinois Central Railroad for $23,293.44, or 18¢ per square foot. This was described as one of the most desirable industrial tracts in the vicinity.

A 2-acre tract on 29th Street in East St. Louis was recently sold for 50¢ per square foot.

A price of 60¢ per square foot was given for 1-1/4-acre parcel on 20th Street in East St. Louis in a recent deal.

A 1- and 2-acre parcel on 3d Street in East St. Louis brought $1.50 per square foot. This parcel adjoined the buyer's other property, however.

In March 1956 a 2.6-acre tract at Railroad Avenue and State Street in East St. Louis was appraised at 50¢ per square foot.

After careful consideration we have concluded that the base price that could be expected to be obtained for industrial ground in the proposed Mill Creek Valley redevelopment area would be $1.25 a square foot. This is for a site of from 2 to 4 acres after all development costs and for a site served by rail. It is our opinion that of this average unit value, development costs will vary from zero to a maximum cost of 30¢ a square foot. It is also our conclusion that a penalty of 30¢ per square foot can be attached to the absence of rail facilities. With these basic factors in mind, the value by comparative approach of each of the individual sites is given on the following page. The additions and deductions to the base unit value previously concluded are also shown.

SUMMARY OF VALUE OF INDUSTRIAL SITES

Parcel No.	Area* Sq. Ft.	Base Value	Deduct Development Cost	Deduct No Rail Facilities	Deduct Poor Layout	Add or Deduct General Location	Add Advertising Value	Final Unit Value	Appraised Value of Parcel
I 1	87, 100	$1. 25		-30		+30	+10	$1. 35	$ 117, 585
2	39, 200	1. 25		-30		+20	+10	1. 25	49, 000
3	68, 800	1. 25		-30				. 95	65, 360
4	104, 500	1. 25				-10		1. 15	120, 175
5	257, 000	1. 25			-05	-05		1. 15	295, 550
6	74, 000	1. 25			-40		+05	. 90	66, 600
7	130, 700	1. 25		-30	-10	+25	+15	1. 25	163, 375
8	274, 400	1. 25	-15			-05		1. 05	288, 120
9	605, 500	1. 25	-25			-05	+05	1. 00	605, 500
10	936, 500	1. 25	-25				+10	1. 10	1, 030, 150
11	1, 145, 600	1. 25	-30			+10	+10	1. 15	1, 317, 440
12	387, 700	1. 25	-10	-30		+40	+15	1. 40	542, 780
13	849, 400	1. 25	-30			+15	+10	1. 20	1, 019, 280
14	474, 800	1. 25	-15				+05	1. 15	546, 020
15	326, 700	1. 25	-15			-05	+05	1. 10	359, 370
16	30, 500	1. 25			-05	-10		1. 10	33, 550
17	26, 100				-15	-10		1. 00	26, 100
18	152, 500	1. 25		-30		+05	+05	1. 05	160, 125
19	248, 300	1. 25		-30		+25	+10	1. 30	322, 790
20	12, 000	1. 25		-30		+15		1. 10	13, 200
21	112, 500	1. 25		-30		+25	+05	1. 25	140, 625
22	36, 400	1. 25		-30		+65	+15	1. 75	63, 700
23	191, 700	1. 25	-15	-30		+65	+15	1. 60	306, 720
									$7, 653, 115
								CALL	$7, 653, 000

* Based on data supplied by the City Plan Commission

Comparable Rentals

It is difficult, if not almost impossible, to obtain rental information for installations of the type that will go into the Mill Creek Valley project. The major reason for this is the fact that in industrial use owner occupancy outnumbers leased deals by a considerable margin. A second problem encountered in obtaining comparable rental information is the fact that a majority of existing industrial installations are of the multistory type. These cannot be considered comparable to the modern 1-story installation providing adequate parking and loading facilities. A third problem is the presence of special situations in many industrial leases, such as property improvements by the lessee, provision for special equipment or special processes, etc. We have, however, been able to find a few rentals that might be indicative. They are as follows:

Southwest Avenue just west of Kingshighway - a modern 1-story industrial plant with an average amount of office space at 73-1/2¢ per square foot in September 1955.

Brannon Avenue - a 1-story and part basement brick warehouse or factory, 30 years of age. 21,000 square feet of first floor area, sprinklered, steam heated, offered at 50¢ per square foot in September 1951.

Pattison Avenue - a new fireproof building with 10,000 square feet of office space and 20,000 square feet of plant space rented in August 1951 at 75¢ per square foot.

Hampton Boulevard - a modern 1-story building with 4,220 square feet of which 800 square feet is office. A net lease made was estimated to provide $3 per square foot for the office space and $1.28 per square foot for the factory space.

4200 block of Clayton Avenue - a 1-story manufacturing building containing 30,000 square feet of floor space. The building is 12 years old and in 1955 was leased for 10 years at 66¢ per square foot.

Southwest corner of Newstead and Prairie Avenues - a building with a rentable area of 75,000 square feet was leased in 1953 at 52¢ per square foot, with 29,000 square feet of parking area bringing an additional 10¢ per square foot.

Salzman Avenue - a new 1-story brick factory building with 20,000 square feet of area was offered for rent in 1953 for 65¢ per square foot. The office is air-conditioned.

The Columbia Terminal building at 15th and Walnut Streets - 1-story brick structure containing 62,000 square feet - was recently offered for rent at 60¢ per square foot net.

In analyzing this comparable rental information, it is believed that none of these properties measure up to the standards that will be set in the Mill Creek Valley industrial park nor do they for the most part offer the locational advantages. The rentals used for the hypothetical structure must include not only parking space and loading facilities but the amenities that can add to a planned industrial district. Consequently, it is the belief of the appraisers that the comparable rentals are with one exception too low. However, based on a comparison of the various properties involved to the proposed subject property, an economic rental of 87¢ per square foot has been determined for the warehouse or factory space and a square foot rental of $2.50 for the office space.

Income Approach

To obtain a value estimate based on the capitalization or income approach, it is necessary to lay out a hypothetical industrial installation of an average type that might be expected in the Mill Creek redevelopment area. In planning this installation, we have attempted to take into consideration the various features that should be included in a well-planned industrial district (see appendix). Our land to building ratio is approximately 3:1 and 6 square feet of parking have been provided for every 10 square feet of building area (probably 1 space for every 3 employees). More specifically, the specifications are as follows:

Land - 1-1/2 acre site with access to a made street, rail facilities and all utilities; the site to be level with no abnormal amount of grading necessary. Subsoil satisfactory.

Improvements - a modern 1-story masonry and steel industrial type building (Boeckh type 7, page 532) with 6" concrete floor, 14' ceiling and sprinklered. The building is 100' x 220', giving a total area of 22,000 square feet of which 2,000 are air-conditioned offices. The offices are of average finish and with average plumbing facilities. There is a total of 50 lineal feet of loading docks 6' wide with canopy overhead. The rail spur is considered to run almost the full length of the building. Other yard improvements are listed below.

Appraisal by the Income Approach

REPLACEMENT COST

20,000 sq. ft. @ $7	$140,000
2,000 sq. ft. @ $9.50	19,000
Railroad spur 250 lin. ft. @ $12	3,000
Asphalt park area 12,000 sq. ft. @ $0.30	3,600
Concrete drive - heavy duty, 2,500 sq. ft. @ $0.50	1,250
Loading dock, concrete with canopy, 300 sq. ft. @ $4	1,200
Total Cost	$168,050

ESTIMATED RENTAL INCOME

Rentable area office, 2,000 sq. ft. @ $2.50	$ 5,000
factory, 18,700 sq. ft. @ $0.87	16,270
	$ 21,270
Vacancy allowance	none

ESTIMATED PROPERTY EXPENSES

Management @ 3%	$ 640	
Building maintenance	500	
Taxes	3,140	
Insurance	230	
Total Expenses		4,510
Net Income		$ 16,760

RETURN TO THE IMPROVEMENTS

Based on an economic life of 50 years and a capitalization rate of 7%

$168,000 ÷ 13.8	12,170
Return to the land	$ 4,590

LAND VALUE

At a 6% capitalization rate $\frac{\$4,590}{.06} = \$76,500$

$$\frac{\$76,500}{65,340 \text{ sq. ft.}} = \$1.17 \text{ per sq. ft.}$$

In summary, the evaluation of a typical industrial site in the Mill Creek redevelopment project would indicate a base unit value of $1.17 per square foot. This corresponds to the figure of $1.25 per square foot obtained by the comparative approach. The capitalization analysis indicates that the venture is economically sound at ground prices in this general range.

Appraisal of Public and Semipublic Sites

The preliminary redevelopment plan contains provisions for several public or semipublic uses. Two of these are the expansion of the Waring and Vashon school sites. A third public use is the site planned for a new elementary school. The fourth use is semipublic and consists of an area for the expansion of St. Louis University. The exhibit on the following page shows the location and size of these sites.

In appraising the reuse value of these sites it is recognized that there will be no established market for such specific uses. Therefore, the appraised value is based on the most appropriate alternate use or uses compatible with the redevelopment plan for the project area as a whole.

Following are our assumptions as to the most appropriate alternate uses for the various sites:

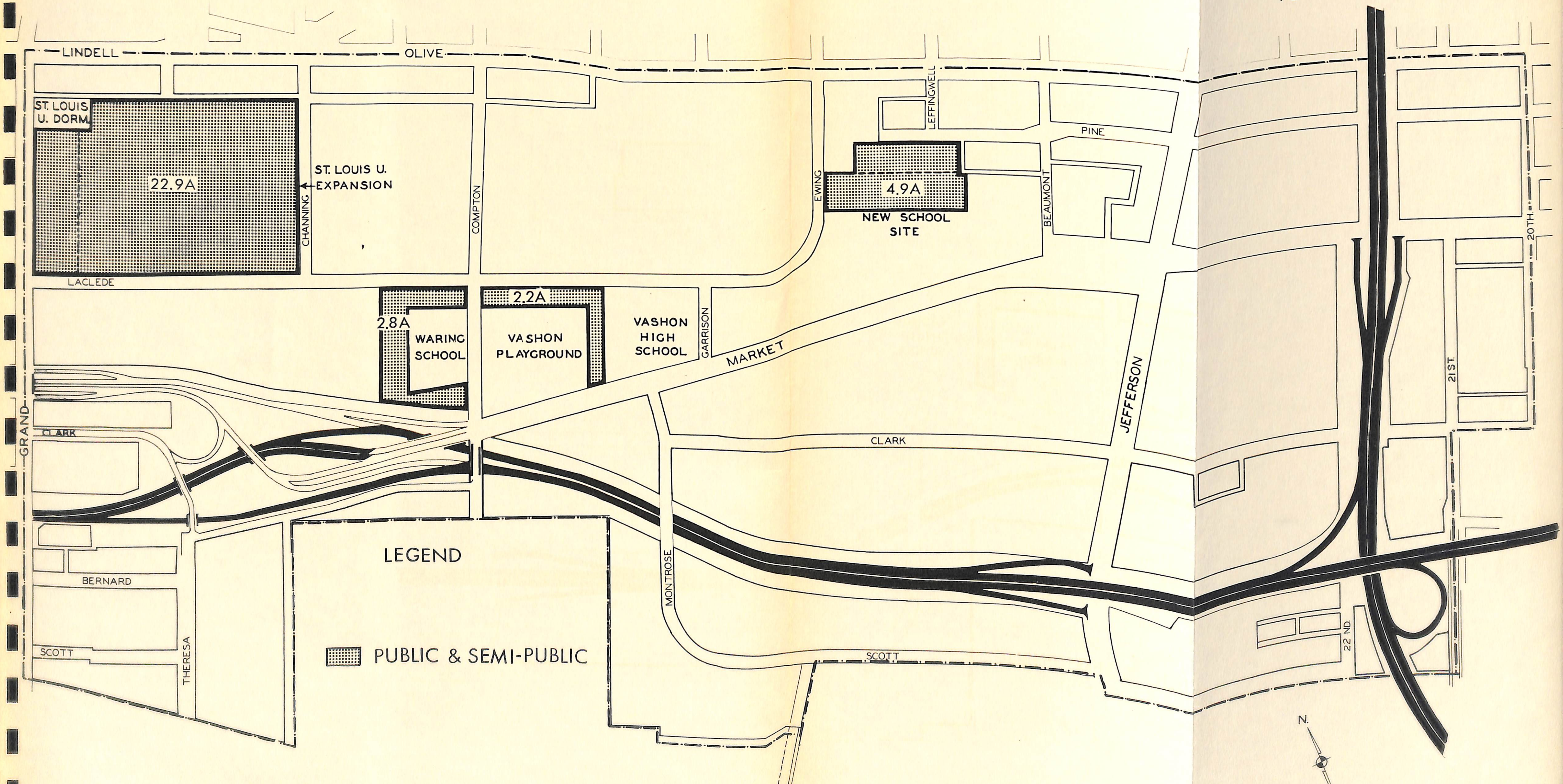
1. Expansion of Waring and Vashon sites: Residential. The ground added to these existing sites consists primarily of future street frontage. The proposed plan calls for residential development to the west and north, with major traffic arteries on the south. It is logical to conclude that the best and only alternate use would be residential.

2. New school site: Commercial and residential. This site, in effect, straddles the line of division between the commercial district along Pine and the residential area to the south of Pine. Therefore, we have concluded the best alternate uses would be commercial on the north part of the site and residential on the south part.

3. St. Louis University site: Commercial and residential. Present established zoning and use of much of the Grand Avenue frontage is commercial. An automobile agency has recently purchased land on Grand Avenue just south of this site. Therefore, we have concluded that the best alternate use for the Grand Avenue frontage for a standard depth of 150 feet would be commercial. We do not feel this would be incompatible with the plan for the project area. For the remainder of the St. Louis University site we have concluded that residential would be the most appropriate alternate use.

PUBLIC AND SEMI-PUBLIC SITES APPRAISED

TOTAL AREA - 32.8 ACRES



PREPARED BY ROY WENZLICK & CO.

We next considered these sites in relation to other parts of the project area where the same uses were planned. Naturally, in concluding unit values for these four sites we leaned heavily on the previously estimated unit fair market values for like uses. Following are our estimates of value and reasoning for these public and semipublic sites:

1. Waring and Vashon site extensions. Our appraisal of the residential sections developed values of 30¢ and 40¢ per square foot, depending on whether the permitted density was 15 or 30 families per acre. These values were also based on necessary development costs. For the 5.0 acres included in the extensions of the two school sites we have concluded a value of 40¢ per square foot. This figure recognizes the available frontage on Laclede and Compton Avenues, thereby reducing development costs. Also, the sites are convenient to the shopping center and, naturally, to the schools.

Concluded Value - Approximately 5 acres at 40¢ per square foot - $87, 120, which we shall call $87, 000.

2. New school site. Based on comparable data contained in the section "Appraisal of Commercial Sites" we have concluded a value of 60¢ per square foot for that part of this site which fronts on Pine Street. The area of this frontage is approximately 77, 000 square feet. For the remainder of this new school site we have concluded a residential value of 30¢ per square foot. This part of the site would have only a small street frontage, and would adjoin the above commercial district. It is also farther removed from the shopping facilities planned.

Concluded Value - Approximately 77, 000 square feet at 60¢ -	$46, 200
Approximately 135, 250 square feet at 30¢	40, 575
Total	$86, 775
which we shall call . . .	$87, 000

3. St. Louis University site. This tract has one of the most desirable locations of the entire project area. Not only are there some 670 feet of Grand Avenue frontage, but the remainder of the area (if not used by the

University) would be most convenient to the Grand Avenue business district, large employers, the University, and transportation. In addition, long frontages will be available on Laclede and Channing Avenues.

It is our estimate, based on the comparable commercial sales section of this appraisal, that the Grand Avenue frontage has a value of $300 per front foot, or $2 per square foot, for the 150-foot depth assumed. Recently the large Handlin tract at Grand and Laclede was under contract for $1.50 per square foot. The deal was not consummated, however, because of plans for the Forest Park Boulevard extension and interchange. More recently this tract was purchased by Lindburg Cadillac with full knowledge of the preliminary redevelopment plan showing this site as residential.

For the residential section of this University tract we have concluded a value of 45¢ per square foot - somewhat higher than the remainder of the residential area - to reflect its more strategic location, accessibility, and topography.

Concluded Value - Approximately 100,500 sq. ft. @ $2 per sq. ft.	$201,000
Approximately 20.6 acres at 45¢ per sq. ft.	403,800
Total	$604,800
which we shall call . . .	$605,000

Total appraised value concluded for all public and semipublic land shown in the redevelopment plan is $779,000.

Summary of Appraised Values

On the accompanying appraisal certificate is shown the total value of $10, ~~486,~~000, which we have concluded as the fair market value of all of the 10,536,000 Mill Creek Valley redevelopment sites when made available for sale. This concluded value is based on the premises and assumptions contained in the various sections of this reuse appraisal. Following is a breakdown of the uses, approximate areas, and concluded values:

Residential sites (75 acres) . . .	$ 1,089,000
Commercial sites (14 acres) . . .	1,015,000
Industrial sites (151 acres) . . .	7,653,000
Public and semipublic sites (33 acres)	779,000
Grand Total (273 acres) . .	$~~10,486,000~~ $10,536,000

Appraisal Certificate

This is to certify that the property known as Mill Creek Valley Urban Redevelopment Project Area, St. Louis, Missouri

briefly described as vacant land to be made available for redevelopment according to Preliminary Plan contained in this re-use appraisal: approximately 75 acres of Residential; 14 acres of Commercial; 151 acres of Industrial, and 33 acres of Public and Semi-public

and classified as (see above) property has been examined for the purpose of determining its value as of the date of offering and, on that date and subject to the following conditions, it is the opinion of Roy Wenzlick & Co. that the property designated above had

a Fair Market Value for Re-Use of
536
Ten Million Four Hundred Eighty-six Thousand Dollars ($10,486,000.)

First: This appraisal report includes, in addition to this certificate, 71 sheets comprising plats, plans, notes, work sheets, etc., which are made an integral part of the appraisal.

Second: The value of the property is expressed in dollars of the value on the date above specified and is subject to any future changes which may occur in the value of the dollar.

Third: All information and comments concerning the location, neighborhood, trends, construction quality and costs, obsolescence, condition, necessary repairs, rents, expenses, income, taxes or any other data of the property appraised herein represent the estimates and opinions of Roy Wenzlick & Co., formed after an examination and study of the property.

Fourth: While it is believed the information, estimates and analyses given and the opinions and conclusions drawn therefrom are correct, Roy Wenzlick & Co. does not guarantee them and assumes no liability for any errors in fact, in analysis or in judgment. No attempt has been made to render an opinion of title or of the status of easements or of any other matter of a legal character.

Fifth: This appraisal represents the independent opinion of Roy Wenzlick & Co., free from any commitments and free from any present or expected future interest in the property, with the sole compensation for the employment being a fair professional fee.

It is further certified that this opinion is based upon an examination and analysis of the property and upon the application of pertinent research data and economic fundamentals compiled and developed by Roy Wenzlick & Co., and is made in accordance with modern appraisal technique and sound appraisal procedure.

IN WITNESS WHEREOF, Roy Wenzlick & Co. has caused these presents to be signed and attested by its appraisal department on the 1st day of October, 1956

Appraisal Department
ROY WENZLICK & CO.

Paul J. Fullerton, Appraiser

By.......................................

Roy Wenzlick, M.A.I.

James R. Appel Appraiser